United Nations

Financial report and audited financial statements

for the 12-month period
from 1 July 2004 to 30 June 2005

Report of the Board of Auditors

Volume II
United Nations peacekeeping operations

General Assembly
Official Records
Sixtieth Session
Supplement No. 5 (A/60/5)

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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

MINUB	United Nations Mission in Burundi
MINUCI	United Nations Mission in Côte d'Ivoire
MINUGUA	United Nations Verification Mission in Guatemala
MINURCA	United Nations Mission in the Central African Republic
MINURSO	United Nations Mission for the Referendum in Western Sahara
MINUSTAH	United Nations Stabilization Mission in Haiti
MIPONUH	United Nations Civilian Police Mission in Haiti
MONUA	United Nations Observer Mission in Angola
MONUC	United Nations Organization Mission in the Democratic Republic of the Congo
ONUB	United Nations Operation in Burundi
ONUC	United Nations Operation in the Congo
ONUCA	United Nations Observer Group in Central America
ONUMOZ	United Nations Operation in Mozambique
ONUSAL	United Nations Observer Mission in El Salvador
SDS	Strategic deployment stocks
UNAMET	United Nations Mission in East Timor
UNAMIC	United Nations Advance Mission in Cambodia
UNAMIR	United Nations Assistance Mission for Rwanda
UNAMIS	United Nations Advance Mission in the Sudan
UNAMSIL	United Nations Mission in Sierra Leone
UNAVEM	United Nations Angola Verification Mission
UNDOF	United Nations Disengagement Observer Force
UNEF	United Nations Emergency Force
UNFICYP	United Nations Peacekeeping Force in Cyprus
UNIFIL	United Nations Interim Force in Lebanon
UNIIMOG	United Nations Iran-Iraq Military Observer Group
UNIKOM	United Nations Iraq-Kuwait Observation Mission

UNMEE	United Nations Mission in Ethiopia and Eritrea
UNMIBH	United Nations Mission in Bosnia and Herzegovina
UNMIH	United Nations Mission in Haiti
UNMIK	United Nations Mission in Kosovo
UNMIL	United Nations Mission in Liberia
UNMIS	United Nations Mission in the Sudan
UNMISET	United Nations Mission of Support in East Timor
UNMLT	United Nations Military Liaison Team in Cambodia
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNMOT	United Nations Mission of Observers in Tajikistan
UNOCI	United Nations Operation in Côte d'Ivoire
UNOMIG	United Nations Observer Mission in Georgia
UNOMIL	United Nations Observer Mission in Liberia
UNOMSIL	United Nations Observer Mission in Sierra Leone
UNOMUR	United Nations Observer Mission Uganda-Rwanda
UNOSOM	United Nations Operation in Somalia
UNOTIL	United Nations Office in Timor-Leste
UNPF	United Nations Peace Forces
UNPREDEP	United Nations Preventive Deployment Force
UNPROFOR	United Nations Protection Force
UNSMIH	United Nations Support Mission in Haiti
UNTAC	United Nations Transitional Authority in Cambodia
UNTAES	United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium
UNTAET	United Nations Transitional Administration in East Timor
UNTAG	United Nations Transition Assistance Group
UNTMIH	United Nations Transition Mission in Haiti
UNTSO	United Nations Truce Supervision Organization

Letters of transmittal

30 September 2005

Dear Mr. Chairman,

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the United Nations peacekeeping operations for the 12-month period from 1 July 2004 to 30 June 2005, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Yours sincerely,

(*Signed*) Kofi A. **Annan**

Mr. Guillermo N. Carague
Chairman
United Nations Board of Auditors
New York

31 January 2006

Sir,

I have the honour to transmit to you the financial statements of the United Nations Peacekeeping Operations for the financial period ended 30 June 2005, which were submitted by the Secretary-General. These statements have been examined by the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts, including the audit opinion thereon.

Accept, Sir, the assurances of my highest consideration.

(*Signed*) Guillermo **Carague**
Chairman, Philippine Commission on Audit
and Chairman
United Nations Board of Auditors

The President of the General
Assembly of the United Nations
New York, New York

Chapter I

Financial report on the United Nations peacekeeping operations for the period from 1 July 2004 to 30 June 2005

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the United Nations peacekeeping operations for the period from 1 July 2004 to 30 June 2005. In addition to the highlights of the financial results for the period ended 30 June 2005, the present report also describes arrangements relating to governance.

B. Governance

2. Established mechanisms relating to governance include the review and approval by expert intergovernmental bodies of budgets, and their review of performance reports and external and internal audit reports.

3. In addition, a number of initiatives to strengthen governance are under way as described in the report of the Secretary-General on the implementation of decisions from the 2005 World Summit Outcome (A/60/568 and Corr.1 and 2). These include proposals for a comprehensive review of governance arrangements, including an independent external evaluation of the auditing and oversight system, and proposals for an independent audit advisory committee, as summarized below.

Comprehensive review of governance arrangements, including an independent external evaluation of the auditing and oversight system

4. The General Assembly, in its resolution 57/278 A, requested the Secretary-General and the executive heads of the funds and programmes of the United Nations to examine governance structures, principles and accountability throughout the United Nations system and to make proposals on the future format and consideration of the reports of the Board of Auditors by the respective executive boards and the Assembly. This request was subsequently reiterated in resolution 59/264 A. Pursuant to paragraph 164 (b) of resolution 60/1, the Secretary-General has prepared terms of reference for a comprehensive review of governance arrangements, including an independent external evaluation of the auditing and oversight system of the United Nations, including the specialized agencies, including the roles and responsibilities of management, with due regard to the nature of the auditing and oversight bodies in question.

5. The Secretary-General proposes that consultants undertake the review. It is proposed that a steering committee composed of international independent experts in the field of governance and oversight be established with the responsibility of coordinating and supervising the entire project. The steering committee would be assisted in its role by the consultants, who would undertake technical research and the drafting of the proposed evaluation.

6. The evaluation will consist of two main elements: a governance and oversight review, to be completed in two phases, and a review of the Office of Internal Oversight Services. The first phase of the governance and oversight review will apply to the United Nations and its funds, programmes and specialized agencies. The second phase will cover only the United Nations and selected representative funds, programmes and specialized agencies. The evaluations are scheduled to be completed by 31 May 2006.

Independent audit advisory committee

7. Pursuant to paragraph 164 (c) of General Assembly resolution 60/1, the Secretary-General submitted detailed proposals on the creation of an independent audit advisory committee. The Assembly has decided to establish an independent audit advisory committee to assist it in discharging its oversight responsibilities, and has requested the Secretary-General to propose its terms of reference, ensure coherence with the outcome of the ongoing review of oversight and report to it at the second part of its resumed sixtieth session on related resource requirements.

8. It should be noted that the proposed independent audit advisory committee is separate and distinct from the internal mechanism established by the Secretary-General to assist him in ensuring compliance, within the Secretariat, with recommendations arising from audits and investigations.

C. Financial overview

9. Table I.1 gives a financial overview of peacekeeping operations.

Table I.1
Financial highlights

	2003/04	*2004/05*	*Increase (decrease)*
	(Millions of United States dollars)		*(Percentage)*
Total assessments	2 927.4	4 393.9	50
Unpaid assessments[a]			
Active missions	958.1	1 105.6	15
Closed missions	549.0	537.7	(2)
Total expenditures	2 933.8	4 074.3	39
Liquidity: available cash versus liabilities[a]			
Active missions	(586.5)	(458.4)	22
Closed missions	1.3	32.3	2 385

[a] 2003/04 restated to classify UNIKOM as a closed mission.

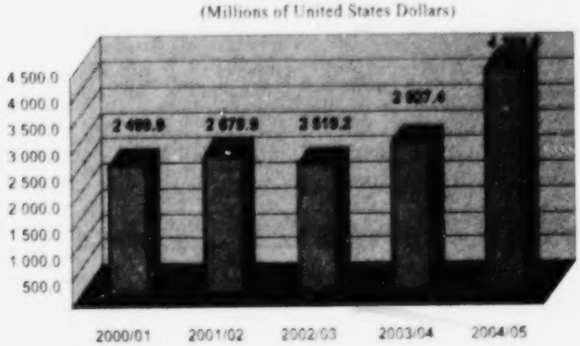
10. During the 2004/05 period, peacekeeping operations surged. Assessments rose by 50 per cent and expenditures rose by 39 per cent. One new peacekeeping mission (UNMIS) was established.

D. Assessments

11. There was an overall increase of 50 per cent in total assessments, from $2,927.4 million in the last period to $4,393.9 million in the current period. The increase was due largely to the full-year impact of the assessments for UNMIL, UNOCI, MINUSTAH and ONUB, which had been established during the previous fiscal period, as well as the assessment for the new mission, UNMIS. In addition, a sharp rise in MONUC assessments in the current period reflected an increase in the authorized troop strength. Those increases were partially offset by the decreases in assessments for UNMISET and UNAMSIL as a result of scaled-down operations in those missions.

12. Figure I.1 shows the trend in the assessments for peacekeeping operations for the current and four preceding financial periods.

Figure I.1
Assessments for United Nations peacekeeping operations



E. Unpaid assessments

13. Whereas assessments rose by 50 per cent during the period, unpaid assessments for active missions rose by only 15 per cent, from $958.1 million to $1,105.6 million. Higher unpaid assessments for MONUC were offset by lower amounts outstanding for UNMIL. There was no significant change in the unpaid assessments for closed missions.

14. Table I.2 shows the amount of unpaid assessed contributions for each of the United Nations peacekeeping operations as at the end of the current period and the four preceding periods.

Table I.2

Unpaid assessed contributions

(Millions of United States dollars)

	30 June 2001	*30 June 2002*	*30 June 2003*	*30 June 2004*	*30 June 2005*
Active missions					
UNFICYP	18.3	13.7	13.7	14.9	14.2
UNDOF/UNEF	14.4	15.4	14.1	15.9	12.0
UNIFIL	165.6	84.3	71.8	62.8	51.5
MINURSO	90.0	48.5	41.6	42.5	43.6
UNOMIG	12.5	6.5	8.0	8.2	7.6
UNAMSIL/UNOMSIL	243.9	141.1	93.7	108.6	54.3
UNMIK	120.1	48.7	51.4	98.4	77.6
MONUC	118.1	94.3	56.1	61.7	279.0
UNMISET	190.9	110.7	74.1	80.5	55.4
UNMEE	121.0	33.4	27.7	25.1	36.0
UNMIL	—	—	—	245.1	51.5
UNOCI	—	—	—	95.8	94.2
MINUSTAH	—	—	—	49.0	76.5
ONUB	—	—	—	49.6	90.3
UNMIS	—	—	—	—	161.9
Subtotal[a]	**1 094.8**	**596.6**	**452.2**	**958.1**	**1 105.6**
Closed missions					
UNIKOM	13.5	12.2	9.6	5.4	4.7
UNMIBH	50.2	53.4	46.5	37.6	35.8
UNMOT	1.7	1.5	0.4	0.1	—
UNSMIH/UNTMIH/MIPONUH	20.2	19.8	19.8	19.5	19.5
MINURCA	36.2	36.0	36.0	35.7	35.6
MONUA/UNAVEM	75.8	51.6	43.4	36.4	35.9
UNPREDEP	9.4	3.6	2.6	1.4	1.3
UNTAES	26.1	14.4	12.3	9.4	9.1
UNOMIL	4.0	3.5	1.5	0.1	0.1
UNPF	617.0	192.0	155.2	151.0	149.5
MINUGUA	0.1	0.1	0.2	0.2	0.2
UNMIH	2.7	2.0	1.9	0.6	0.2
UNAMIR/UNOMUR	24.4	19.4	15.3	10.5	7.6
ONUSAL	2.8	2.8	2.8	2.7	2.1
ONUMOZ	18.8	18.8	18.7	18.7	18.3
UNOSOM	194.1	61.4	61.2	60.4	59.5
UNMLT	—	—	—	—	—
UNTAC	43.8	43.1	42.8	42.7	41.8
UNTAG	0.1	0.1	0.1	0.1	—
UNIIMOG	0.1	0.1	—	—	—
UNEF (1956)	42.6	42.6	42.6	42.6	42.6
ONUC	73.9	73.9	73.9	73.9	73.9
Subtotal[a]	**1 257.5**	**652.3**	**586.8**	**549.0**	**537.7**
UNLB (strategic deployment stocks)	—	—	**38.6**	**13.6**	**13.6**
Total	**2 352.3**	**1 248.9**	**1 077.6**	**1 520.7**	**1 656.9**

[a] Classification of active and closed missions is as at 30 June 2005; prior years have been reclassified accordingly.

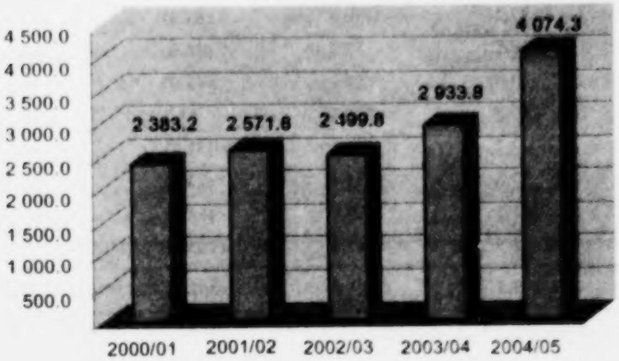
F. Expenditures

15. Total expenditures rose by 39 per cent to $4,074.3 million in the current period, compared to $2,933.8 million reported in the previous period. The overall increase in expenditures is attributable mainly to the expanded operations of MONUC, the full-year impact of UNMIL, UNOCI, MINUSTAH and ONUB and the recent addition of UNMIS, partially offset by the lower expenditure levels in UNAMSIL and UNMISET.

16. Figure I.2 shows the trend in total expenditures for all peacekeeping operations for the period ended 30 June 2005 and the four preceding periods.

Figure I.2
Expenditures for United Nations peacekeeping operations

(Millions of United States dollars)



Note: Expenditures for fiscal periods 2001 to 2004 were reclassified to conform to the current presentations.

G. Liquidity: available cash versus liabilities

1. Active missions

17. Table I.3 summarizes the cash available for each of the active peacekeeping missions and provides a comparison against its total liabilities.

Table I.3
Available cash versus liabilities as at 30 June 2005: active missions
(Millions of United States dollars)

	Available cash[a] *(1)*	*Liabilities*[b] *(2)*	*Excess (shortfall)* *(1)-(2)*	*Excess (shortfall)* *30 June 2004*
UNFICYP	10.5	9.1	1.4	(4.0)
UNDOF/UNEF	27.3	17.4	9.9	5.3
UNIFIL	71.2	50.9	20.3	72.4
MINURSO	2.9	19.5	(16.6)	(13.0)
UNOMIG	5.8	6.1	(0.3)	(1.4)
UNAMSIL/UNOMSIL	237.7	191.7	46.0	(56.6)
UNMIK	5.9	70.7	(64.8)	(91.7)
MONUC	197.1	380.5	(183.4)	(33.9)
UNMISET	19.7	57.7	(38.0)	(47.1)
UNMEE	49.0	54.6	(5.6)	(6.5)
UNMIL	289.3	236.1	53.2	(230.7)
UNOCI	72.7	111.1	(38.4)	(94.3)
MINUSTAH	57.8	131.4	(73.6)	(39.6)
ONUB	55.5	119.0	(63.5)	(45.4)
UNMIS	142.9	247.9	(105.0)	—
Total	**1 245.3**	**1 703.7**	**(458.4)**	**(586.5)**

[a] Sum of cash and term deposits and the cash pool.

[b] Total liabilities.

18. Table I.3 shows the overall liquidity of active missions. During the period under review, the liquidity position of MONUC declined whereas that of UNMIL improved as a result of the delayed receipt of assessments in the first case and the accelerated receipt of assessments in the second. MINURSO, UNMIK and UNOMIG continued to experience cash shortfalls and required loans from closed missions to meet their immediate cash expenditures.

19. It should be noted that the feasibility and timing of reimbursements of troop costs and related claims to troop-contributing countries are determined by the cash position of each mission. In principle, the Administration pays for troops and contingent-owned equipment on a quarterly cycle after retaining sufficient cash for the settlement of operating expenses that are immediately payable. The timing of payments for contingent-owned equipment is also dependent upon the receipt of claims from troop-contributing countries and their subsequent certification. Table I.4 indicates the latest claim period for which payments for troops and contingent-owned equipment had been made as at 30 June 2005.

Table I.4

Status of payments for troop and contingent-owned equipment as at 30 June 2005

	Troops paid up to	*Contingent-owned equipment paid up to*
UNFICYP	30 April 2005	March 2005
UNDOF/UNEF	30 April 2005	March 2005
UNIFIL	30 April 2005	March 2005
MINURSO	31 March 2002	December 2001
UNOMIG	Not applicable	December 2004
UNAMSIL/UNOMSIL	30 April 2005	March 2005
UNMIK	31 December 2003	March 2004
MONUC	31 January 2005	September 2004
UNMISET	30 April 2005	March 2005
UNMEE	30 April 2005	March 2005
UNMIL	30 April 2005	March 2005
UNOCI	30 April 2005	March 2005
MINUSTAH	30 April 2005	March 2005
ONUB	30 April 2005	March 2005
UNMIS	No payment	No payment

2. Closed missions

20. Table I.5 summarizes cash available and total liabilities for all closed missions.

Table I.5

Available cash versus liabilities as at 30 June 2005: closed missions

(Millions of United States dollars)

	Available cash[a] *(1)*	*Liabilities*[b] *(2)*	*Excess (shortfall) (1)-(2)*	*Excess (shortfall) 30 June 2004*
Missions with cash surpluses				
UNIKOM	43.3	1.6	41.7	39.2
UNMIBH	19.4	9.0	10.4	7.2
UNMOT	4.8	2.5	2.3	2.0
MONUA/UNAVEM	30.9	9.3	21.6	20.7
UNPREDEP	16.0	7.7	8.3	7.2
UNTAES	22.3	9.1	13.2	12.5
UNOMIL	7.6	3.3	4.3	1.2
UNPF	69.1	41.8[c]	27.3	47.1
UNMIH	43.9	28.8	15.1	28.3
UNAMIR/UNOMUR	20.1	4.1	16.0	12.8
ONUSAL	4.7	3.6	1.1	0.5
UNMLT	0.2	0.1	0.1	0.1

	Available cash[a] *(1)*	*Liabilities*[b] *(2)*	*Excess (shortfall) (1)-(2)*	*Excess (shortfall) 30 June 2004*
UNTAG	19.1	16.7	2.4	—
UNIIMOG	4.3	—	4.3	4.3
Subtotal	**305.7**	**137.6**	**168.1**	**183.1**
Missions with cash deficits				
UNSMIH/UNTMIH/ MIPONUH	2.0	9.6	(7.6)	(7.9)
MINURCA	0.1	24.0	(23.9)	(24.4)
MINUGUA	—	0.1	(0.1)	(0.1)
ONUMOZ	0.4	1.3	(0.9)	(1.2)
UNOSOM	2.4	19.7	(17.3)	(18.1)
UNTAC	0.1	40.9	(40.8)	(41.5)
UNEF (1956)	—	42.1	(42.1)	(41.7)
ONUC	—	46.8	(46.8)	(46.9)
Subtotal	**5.0**	**184.5**	**(179.5)**	**(181.8)**
Total	**310.7**	**322.1**	**(11.4)**	**1.3**

[a] Sum of cash and term deposits and the cash pool.

[b] Total liabilities, including surplus to be transferred from UNPF and UNMIH of $29.6 million and $14.1 million respectively.

[c] Excludes deferred credits of $127.4 million, being expenditures reimbursable by Member States.

21. Closed missions with cash surpluses continued to be the only available source of lending to active peacekeeping missions, the International Tribunals and the regular budget of the United Nations. During the current period, new loans amounting to $244 million were made and total loans outstanding as at 30 June 2005 amounted to $41.6 million. Details of those loans and repayments are shown in table I.6.

Table I.6
Loans from closed missions
(Millions of United States dollars)

Loaned to	*Loaned from*	*Opening balance, 1 July 2004*	*Loan amount*	*Amount repaid*	*Closing balance, 30 June 2005*	*Month loaned*	*Month repaid*
MINURCA	UNMIH	3.2	—	—	3.2	August 1999	
UNSMIH	UNMIH	9.4	—	—	9.4	August 1999	
MINURSO	UNOMIL	3.0	—	3.0	—	September 2003	April 2005
MINURSO	UNTAG	2.0	—	2.0	—	October 2003	April 2004
MINURSO	UNMIH	—	2.5	2.5	—	August 2004	June 2005
MINURSO	UNPF	4.0	—	—	4.0	February 2004	
MINURSO	UNPF	—	2.5	—	2.5	May 2005	
MINURSO	UNPF	—	2.5	—	2.5	June 2005	
UNMIK	UNPF	28.0	—	28.0	—	June 2004	September 2004
UNMIK	UNPF	—	20.0	20.0	—	July 2004	September 2004
UNMIK	UNPF	—	20.0	20.0	—	July 2004	September 2004
UNMIK	UNPF	—	15.0	15.0	—	February 2005	April 2005
UNMIK	UNPF	—	20.0	20.0	—	March 2005	April 2005
UNMIK	UNPF	—	20.0	—	20.0	March 2005	
UNMIK	UNPF	—	18.0	18.0	—	May 2005	June 2005
UNOMIG	UNPF	—	5.0	5.0	—	February 2005	April 2005
Subtotal		**49.6**	**125.5**	**133.5**	**41.6**		
International Criminal Tribunal for Rwanda	UNMIH	—	6.0	6.0	—	November 2004	February 2005
International Criminal Tribunal for Rwanda	UNPF	—	7.5	7.5	—	February 2005	April 2005
Subtotal		**—**	**13.5**	**13.5**	**—**		
United Nations General Fund	MONUA	—	15.0	15.0	—	September 2004	September 2004
United Nations General Fund	UNMIH	—	15.0	15.0	—	September 2004	September 2004
United Nations General Fund	UNPF	—	75.0	75.0	—	November 2004	December 2004
Subtotal		**—**	**105.0**	**105.0**	**—**		
Total		**49.6**	**244.0**	**252.0**	**41.6**		

H. Peacekeeping Reserve Fund

22. The Peacekeeping Reserve Fund was also utilized during the period ended 30 June 2005 to finance the initial operations of the newly established UNMIS. During the current period, loans totalling $73 million were made to UNMIS,

UNOCI, ONUB and MINUSTAH, all of which had been repaid by 30 June 2005. The loans and repayments are shown in table I.7.

Table I.7

Loans from the Peacekeeping Reserve Fund

(Millions of United States dollars)

Loaned to	*Opening balance, 1 July 2004*	*Loan amount*	*Amount repaid*	*Closing balance, 30 June 2005*	*Month loaned*	*Month repaid*
MINURCA	12.8	—	—	12.8	1998/99	—
Subtotal	**12.8**	**—**	**—**	**12.8**		
MINUSTAH	10.0	—	10.0	—	June 2004	September 2004
	—	5.0	5.0	—	August 2004	September 2004
Subtotal	**10.0**	**5.0**	**15.0**	**—**		
ONUB	8.0	—	8.0	—	June 2004	October 2004
	—	8.0	8.0	—	July 2004	October 2004
Subtotal	**8.0**	**8.0**	**16.0**	**—**		
UNMIS	—	2.0	2.0	—	September 2004	June 2005
	—	3.0	3.0	—	November 2004	June 2005
	—	3.0	3.0	—	December 2004	June 2005
	—	3.0	3.0	—	December 2004	June 2005
	—	7.0	7.0	—	February 2004	June 2005
	—	15.0	15.0	—	May 2005	June 2005
Subtotal	**—**	**33.0**	**33.0**	**—**		
UNOCI	18.0	—	18.0	—	April/May/June 2004	September 2004
	—	12.0	12.0	—	July 2004	September 2004
	—	5.0	5.0	—	July 2004	September 2004
	—	10.0	10.0	—	July 2004	September 2004
Subtotal	**18.0**	**27.0**	**45.0**	**—**		
Total	**48.8**	**73.0**	**109.0**	**12.8**		

23. As at 30 June 2005, the reserves and fund balance of $165.8 million was represented by a cash balance of $153 million and loans made in 1998 and 1999 of $12.8 million to MINURCA.

I. Support account for peacekeeping operations

24. Total expenditures of $118.0 million in the current period represent a slight increase of $6.8 million, or 6 per cent, over those reported in the previous period. The increase was due to additional posts authorized for the current period.

J. United Nations Logistics Base at Brindisi, Italy

25. The United Nations Logistics Base at Brindisi, Italy, manages surplus assets from closed and/or downsized missions and maintains mission start-up kits and strategic deployment stocks.

26. During the fiscal year ended 30 June 2005, strategic deployment stocks with an estimated value of $106.7 million were shipped to various peacekeeping missions. By 30 June 2005, strategic deployment stocks amounting to $89.4 million had been replenished.

Annex

Supplementary information

1. The present annex includes supplementary information that the Secretary-General is required to report.

Write-off of losses of cash and receivables

2. In accordance with financial rule 106.8, losses of cash and receivables amounting to $446,570 were written off during the period ended 30 June 2005. A summary statement of losses was provided to the Board of Auditors in compliance with financial rule 106.8.

Write-off of losses of property

3. In accordance with financial rule 106.9, property losses amounting to $4,537,525 were written off during the period ended 30 June 2005. The losses are based on the original cost of the properties and include write-offs arising from shortfalls, theft, damage and accidents. The write-offs bring the recorded balances of properties to the same levels as those shown in the property records for the actual quantities on hand. A summary statement showing the values of non-expendable equipment as well as property write-offs was provided to the Board in accordance with financial rule 106.9.

Chapter II

Report of the Board of Auditors

Summary

The Board of Auditors has audited the United Nations peacekeeping operations for the year ended 30 June 2005 at Headquarters and at 2 field missions funded from the regular budget, 15 missions funded from special assessed contributions and the United Nations Logistics Base at Brindisi, Italy. The audit of Headquarters included the Peacekeeping Reserve Fund and the support account for peacekeeping operations, 1 liquidated mission and 22 completed missions.

The Board also addressed special requests from the Advisory Committee on Administrative and Budgetary Questions and the General Assembly. In addition to the audit of the accounts and financial statements for the year ended 30 June 2005, the Board also carried out reviews of peacekeeping operations under financial regulation 7.5.

The Board issued an unqualified audit opinion on the financial statements for the United Nations peacekeeping operations for the year ended 30 June 2005, as reflected in chapter III.

Implementation of previous recommendations

As requested by the Advisory Committee on Administrative and Budgetary Questions in paragraph 8 of its report on the administrative and budgetary aspects of the financing of United Nations peacekeeping operations (A/59/736), the Board evaluated the ageing of its previous recommendations that had not yet been fully implemented and has indicated the financial period in which such recommendations were first made in annex II to the present chapter. Of a total of 78 recommendations, 38 (49 per cent) had been implemented, while 35 (45 per cent) were under implementation and 5 (6 per cent) had not been implemented. Of the 40 recommendations not yet fully implemented, 28 (70 per cent) relate to the 2003/04 period; 9 (23 per cent) to 2002/03; 2 (5 per cent) to 2001/02; and 1 (2 per cent) to 2000/01.

Coordination among oversight bodies

The Board continually coordinates with the other oversight bodies and experts (the Office of Internal Oversight Services, the Joint Inspection Unit and consultants) in the planning of its audits in order to avoid duplication of efforts. This was especially relevant during the present audit, as a number of internal audits, inspections, investigations and reviews involved peacekeeping operations. Accordingly, the Board limited its own audit of performance-related coverage, where relevant, to a follow-up of its previous recommendations.

Financial overview for the year ended 30 June 2005

Total income amounted to $4.5 billion, while total expenditure amounted to $4.1 billion. The increase in expenditure of approximately 41 per cent is attributable mainly to the expanded operations of five recently established missions.

Assessed contributions outstanding increased by 9 per cent, to $1.66 billion (2003/04: $1.52 billion). This resulted in a reduction in the amount of cash available ($1.74 billion) to settle liabilities ($2.05 billion). An amount of $705.2 million of the total $1.66 billion (42 per cent) had been outstanding for over one year, of which $153.9 million related to active peacekeeping missions; $537.7 million related to completed missions and $13.6 million related to special-purpose accounts. The Board is concerned by this increase in unpaid assessments.

Procurement and contract management

In addition to the planned review by the Office of Internal Oversight Services, an external consulting firm was commissioned by the Administration to review the internal controls of the Procurement Service, covering only Headquarters-generated procurement, including for peacekeeping operations. Consequently, the Board limited its audit primarily to determining the status of implementation of its previous recommendations and noted that:

(a) Systems contracts had not been allocated on an equitable geographical basis;

(b) The assessments of the progress and final performance of vendors had yet again not been submitted by missions in a timely manner;

(c) Vendor review committees had still not been established at all missions;

(d) Performance bonds again had not always been obtained from contractors in accordance with procurement regulations, resulting in potential losses to the United Nations;

(e) Guidelines for the implementation of ethical principles for United Nations staff working in the procurement process had yet to be promulgated;

(f) Two of the recently established missions did not have a procurement plan;

(g) The number of ex post facto cases submitted by missions had increased significantly, from 30 cases in 2003 to 97 in 2004.

Air operations

Actual air transport expenditures amounted to $371.2 million, or $88.3 million (19.2 per cent) less than the budgeted amount of $459.5 million. The Board evaluated the management of air operations at the mission level as well as the support provided by Headquarters and noted the following:

(a) Aircraft at the United Nations Mission in Liberia were not utilized efficiently in terms of passenger and cargo loads per flight;

(b) Only 43 per cent of air carriers awarded contracts during the 2004/05 period were subjected to on-site aviation quality inspections;

(c) The 90,973 actual total flight hours utilized were 42,323 hours (32 per cent) less than the 133,296 hours budgeted, requiring improved budgeting;

(d) Two air carrier vendors who were awarded seven contracts went bankrupt during the 2004/05 period. The potential loss for the Organization had yet to be determined;

(e) The installation of an aircraft tracking system at the United Nations Organization Mission in the Democratic Republic of the Congo had been delayed while the Department of Peacekeeping Operations considered the establishment of a centralized aircraft tracking system;

(f) The number of aviation support staff was not adequate, when compared with the International Civil Aviation Organization's benchmarks, to manage the increased air fleet;

(g) MONUC did not perform a cost-benefit analysis to justify the need for executive jets in its reassessment of aircraft fleet requirements.

Vehicle fleet management

The Department of Peacekeeping Operations accounted for a fleet of 11,963 vehicles valued at $380.5 million as at 30 June 2005. The Board noted that:

(a) The vehicle rotation policy was not applied at all missions, which hindered the effective and efficient utilization of vehicles;

(b) The scout car fleet of the United Nations Mission in Ethiopia and Eritrea was not operationally suitable for the driving conditions, resulting in a poor usage rate;

(c) The CarLog system did not provide reliable management information;

(d) The directives in respect of liberty mileage and controls to monitor the private use of vehicles were not enforced at all missions.

Strategic deployment stocks (non-expendable equipment)

Strategic deployment stocks totalling $71.9 million were purchased during the 2004/05 period. The closing value amounted to $60.8 million as at 30 June 2005. The Board noted that:

(a) The draft policies and procedures in respect of strategic deployment stocks, except for the accounting guidelines and procedures, had still not been promulgated;

(b) Some items shipped to missions had been pending acknowledgement of receipt for more than 90 days;

(c) The receiving and inspection process at UNLB had not been performed in all cases within the 20-day time frame as established by the Department of Peacekeeping Operations.

Integrated missions

The Secretary-General had called for a more integrated and unified United Nations, both at Headquarters and in the field. There was no formal definition of an integrated mission. As a result, the functions and structure of an integrated mission and the resulting roles and responsibilities of the various actors were not clearly understood. In addition, there was a lack of documented policy and guidelines for integrated missions.

The concept of integrated missions and their impact appeared not to have been adequately discussed with all the actors at the country office level. Members of

United Nations country teams were of the view that they had not been adequately consulted during the process of planning for integrated missions.

One of the related obstacles, which could affect the success of an integrated mission, remained the differences in the mandates and objectives of the peacekeeping mission compared with the other United Nations entities. Furthermore, the funding methods (assessed or voluntary contributions) and the reporting lines to management for peacekeeping operations and other agencies differed.

Recommendations of the Special Committee on Peacekeeping Operations and the Panel on United Nations Peace Operations

Only 41 of the 51 recommendations approved by the General Assembly were considered to be within the Board's remit. Of those, 27 (66 per cent) had been implemented, 13 (32 per cent) were under implementation and 1 (2 per cent) had not been implemented by October 2004.

Of the 14 recommendations of the Panel on United Nations Peace Operations (see A/55/305-S/2000/809) pending full implementation, 3 fell under the responsibility of other departments and 1 was the responsibility of Member States. The remaining 10 recommendations were included in various workplans of the Department of Peacekeeping Operations. Of those 10 recommendations, 2 (20 per cent) were subsequently implemented and 8 (80 per cent) were under implementation. No comments were received on the status of implementation of the four recommendations that did not fall under the responsibility of the Department of Peacekeeping Operations.

Rations

Ten rations contracts with an approximate contract value of $629.5 million had been awarded by the Department of Peacekeeping Operations as at September 2005. The Board noted that:

(a) Standard operating procedures for rations management had not been implemented at newly established missions;

(b) Not all missions used performance-based criteria in respect of rations management;

(c) Not all the recommendations made by the Office of Internal Oversight Services had been fully implemented;

(d) Rations had been procured by the United Nations Mission for the Referendum in Western Sahara, UNMEE and the United Nations Mission of Support in East Timor without a valid rations contract;

(e) Packaging, storage and temperature control deficiencies were noted at seven missions;

(f) One of the major rations vendors was suspended from participating in any further solicitation activities pending the outcome of an ongoing investigation.

Human resources management

The Department of Peacekeeping Operations had initiated several projects during the period under review to improve the management of human resources. The Board noted that:

(a) Several shortcomings with regard to leave management had been identified at five missions;

(b) The effectiveness of training had not been evaluated at all missions;

(c) Individual contractors were performing, on a continuous basis, tasks considered to be core functions;

(d) The impact of using 300-series contracts as the primary instrument for appointing new peacekeeping mission staff had not yet been evaluated;

(e) By October 2005 a total of 264 investigations had been completed during the past 22 months in respect of sexual exploitation and abuse, resulting in action taken against 124 personnel.

Resident auditors

The objectives of assigning resident auditors to United Nations peacekeeping and other field missions are to provide continuous on-site audit coverage of missions with a view to assessing internal controls, compliance, performance and progress in implementing the mission's mandate.

The budget in respect of the resident auditor function amounted to $5.6 million during the 2004/05 period, and 28 of the 32 authorized posts were filled. The Board noted that:

(a) The allocation of resident auditors to missions was based only on expenditure levels, while factors such as risk and complexity of operations were not fully considered in deploying resources;

(b) The Chief Resident Auditor position was vacant at three missions;

(c) The return rate of client satisfaction surveys in respect of audit reports, a measure of performance, was poor.

Fraud and presumptive fraud

The Administration reported to the Board 30 cases of fraud and presumptive fraud known to it for the financial period ended 30 June 2005 compared with 6 cases in the previous period. The Administration reported that the United Nations had not incurred losses in nine cases. An estimated loss of $1,828,783 was incurred in respect of 17 other cases. The extent of the losses had not yet been determined by the Administration in four cases.

Of the 30 cases reported, 25 related to the United Nations Mission in Sierra Leone. The amounts involved (where quantified) amounted to $330,808, covering 18 cases. A total of 19 of the 25 cases (76 per cent) related to fuel fraud. The estimated value of such fraud (where quantified) amounted to $1.5 million (approximately 2.6 million litres of fuel). A similar audit was also carried out by the resident auditors of the United Nations Interim Force in Lebanon.

The Board is concerned that fuel mismanagement may be more pervasive across the various peacekeeping missions.

Recommendations

The Board has made several recommendations based on its audit observations. A summary of the main recommendations of the Board is set out in paragraph 13 of the report.

A. Introduction

1. The Board of Auditors has audited the financial statements and reviewed the operations of the United Nations peacekeeping operations for the period from 1 July 2004 to 30 June 2005 in accordance with General Assembly resolutions 74 (I) of 7 December 1946, 47/211 of 23 December 1992 and 49/233 A of 23 December 1994. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto (see ST/SGB/2003/7), as well as the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency and the International Standards on Auditing. Those standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements of the United Nations peacekeeping operations presented fairly their financial position as at 30 June 2005 and the results of operations and cash flows for the period then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditures recorded in the financial statements for the period from 1 July 2004 to 30 June 2005 had been incurred for the purposes approved by the governing bodies and whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules. The audit included a general review of financial systems and internal controls and a test examination of accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

3. Pursuant to paragraph 6 of General Assembly resolution 47/211, the Board continued to maintain its expanded audit coverage at Headquarters, at 14 active field missions and at the United Nations Logistics Base at Brindisi, Italy. The accounts of another active mission were audited at United Nations Headquarters because of the security situation prevailing at the time of the audit. The coverage also included the audit of the accounts of 1 liquidated mission, 22 completed missions, the Peacekeeping Reserve Fund and the support account for peacekeeping operations. The missions audited are listed in annex I below.

4. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of peacekeeping operations under financial regulation 7.5. The General Assembly had also requested the Board to follow up on previous recommendations and to report to it accordingly. Those matters are addressed in paragraphs 9 and 10 below.

5. The present report addresses specific requests made by the Advisory Committee on Administrative and Budgetary Questions and the General Assembly as follows:

(a) To provide details concerning the age of recommendations and to give an indication of the relative priority of recommendations within a given area (see A/59/736, para. 8);

(b) To undertake an evaluation of lessons learned with regard to the assignment of resident auditors in the missions and to include proposals for further improvement of coordination of their work with that of the Board (ibid., para. 10);

(c) To analyse how fluctuations in the level of peacekeeping activities affect the level of required Headquarters backstopping, which factors determine the level of required backstopping and which functions must be performed at Headquarters and which can be carried out in the field, and to look into the relationship between troop strength and the required civilian support component of a mission (ibid., paras. 20 and 21);

(d) To follow up on the implementation of standardized procedures and methods for information-gathering in order to compile a portfolio of evidence in respect of the result-based budgeting process and the validation thereof (ibid., para. 34);

(e) To undertake an evaluation of rations performance standards and indicators to determine their compliance with industry standards (ibid., para. 44);

(f) To look into medical evacuation arrangements in the mission and assess the availability, effectiveness and cost of various alternatives, including the sharing of regional air assets and commercial medical evacuation services (ibid., para. 95);

(g) To continue to follow up on the timely performance of supplier performance evaluations (ibid., para. 110).

6. The Board continued to report the results of audits to the Administration in management letters containing detailed observations and recommendations. This practice allowed for ongoing dialogue with the Administration. Sixteen management letters were issued covering the financial period ended 30 June 2005.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with the Administration, whose views have been appropriately reflected in the present report.

8. A summary of the Board's main recommendations is contained in paragraph 13 below. The detailed findings are discussed in paragraphs 21 to 427.

1. Previous recommendations not fully implemented

Period ended 30 June 2003

9. In accordance with section A, paragraph 7, of General Assembly resolution 51/225 of 3 April 1997, the Board has reviewed the action taken by the Administration to implement the recommendations made in its report for the period ended 30 June 2003[1] and confirms that there are no outstanding matters except for those addressed in the present report.

Period ended 30 June 2004

10. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board also reviewed the measures taken by the Administration to implement the recommendations made in its report for the financial period ended

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[1] *Official Records of the General Assembly, Fifty-eighth Session, Supplement No. 5* (A/58/5 (vol. II)), chap. II.

30 June 2004.[2] Details of the action taken and the comments of the Board are included in the report and have been summarized in annex II below. Of a total of 78 recommendations, 38 (49 per cent) had been implemented, while 35 (45 per cent) were under implementation and 5 (6 per cent) had not been implemented.

Ageing of previous recommendations

11. The Board evaluated the ageing of its previous recommendations that had not yet been fully implemented (as requested by the Advisory Committee on Administrative and Budgetary Questions, ibid., para. 8). The financial period in which such recommendations were first made is indicated in annex II.

12. Of the 40 recommendations not yet fully implemented, 28 (70 per cent) relate to the 2003/04 period; 9 (23 per cent) to 2002/03; 2 (5 per cent) to 2001/02; and 1 (2 per cent) to 2000/01. The Board's further comments on these specific outstanding recommendations are addressed elsewhere in the present report.

2. Main recommendations

13. The Board's main recommendations are that the Administration:

Obligations

(a) **Review all obligations lacking supporting or valid documentation to determine their validity (para. 26);**

Procurement and contract management

(b) **Take further initiatives to improve procurement opportunities for vendors from developing countries and countries with economies in transition to ensure a more equitable geographical distribution of procurement contracts (para. 74);**

(c) **In consultation with the United Nations Development Group and the Inter-Agency Procurement Working Group, pursue initiatives within predetermined time frames to improve inter-agency procurement activities (para. 78);**

(d) **Ensure that performance bonds are obtained from contractors in a timely manner, in accordance with procurement directives (para. 99);**

(e) **Hold the administrative heads of all peacekeeping missions accountable for submitting complete procurement plans on time (para. 109);**

(f) **Enforce the use of a procurement plan as a tool to facilitate effective and efficient procurement management (para. 115);**

(g) **Monitor ex post facto submissions and address the underlying causes of those submissions that do not meet the definition of exigency (para. 131);**

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[2] Ibid., *Fifty-ninth Session, Supplement No. 5* and corrigendum (A/59/5 (vol. II) and Corr.1), chap. II.

Air operations

(h) **Subject air carriers to an on-site review in a cost-effective manner before adjudicating contracts (para. 151);**

(i) **Determine whether the change of air operations contracts to the new costing structure has resulted in savings (para. 168);**

(j) **Undertake and document a cost-benefit analysis to contribute to the justification of the need for executive jets at the United Nations Organization Mission in the Democratic Republic of the Congo (para. 193);**

Vehicle fleet management

(k) **Reinforce the implementation of the rotation policy at peacekeeping missions where vehicles within the same categories are rotated to optimize efficiency and utility (para. 207);**

Asset management

(l) **Ensure the proper custody, control, recording and disposal of non-expendable equipment (para. 233);**

Inventory management

(m) **Determine optimal levels for spare parts stockholding by assessing consumption levels, delivery lead times, transaction costs, emergency stock and anticipated events (para. 254);**

(n) **Address all the matters highlighted in the internal audit and investigation reports and implement corrective measures in order to improve the overall management of fuel at peacekeeping missions (para. 263);**

(o) **Implement the mission electronic fuel accounting system in order to improve the monitoring of fuel at peacekeeping missions and to further prevent and detect fuel mismanagement and fraud (para. 269);**

Integrated missions

(p) **Using the United Nations Development Group platform, consult extensively with United Nations country teams from the first phase of the mission-planning process to ensure that their specialized knowledge and expertise are utilized (para. 284);**

Rations

(q) **Implement and enforce procedures to ensure the proper management of rations (para. 326);**

Human resources management

(r) **Monitor missions' compliance with leave policies and procedures and ensure that accurate leave records are maintained (para. 335);**

(s) **Comply with General Assembly resolution 59/296 of 22 June 2005 (sect. VIII, para. 11) regarding the hiring of individual contractors or**

individuals on procurement contracts to perform functions of a continuing nature (para. 354);

Fraud and presumptive fraud

(t) **In close consultation with peacekeeping missions, carefully analyse the elements leading to the reported fraud and properly take the necessary punitive measures, draw lessons and share those lessons systematically with other peacekeeping missions (para. 402).**

14. The Board's other recommendations appear in paragraphs 35, 41, 44, 48, 53, 82, 86, 92, 101, 105, 111, 118, 134, 137, 144, 154, 157, 163, 171, 174, 178, 183, 196, 210, 214, 218, 220, 225, 240, 245, 249, 258, 278, 289, 297, 307, 315, 323, 345, 351, 361, 367, 374, 385, 388, 396, 405, 411, 414, 421, 424 and 427.

B. Coordination among oversight bodies

15. The Board continually coordinates with the other oversight bodies and experts in the planning of its audits in order to avoid duplication of efforts. This was especially relevant during the present audit, as a number of audits, reviews, inspections and investigations involved peacekeeping operations. In order to eliminate duplication of efforts, the Board therefore considered the work planned and/or performed by the other oversight bodies, with respect to peacekeeping operations, to determine the extent of reliance that could be placed on the work done by those bodies.

16. During the Board's audit, both the Office of Internal Oversight Services and the Joint Inspection Unit were in the process of performing reviews and inspections at the Department of Peacekeeping Operations. The General Assembly, in section IV of its resolution 59/296 requested the Secretary-General to entrust the Office of Internal Oversight Services to identify risks and exposure to duplication, fraud and abuse of authority in the following areas of the Department of Peacekeeping Operations: finance (including budget preparation), procurement, human resources (including recruitment and training) and information technology, and to report thereon to the Assembly at its sixtieth session.

17. The Office of Internal Oversight Services planned to undertake a comprehensive management review of the areas listed below and expected to complete the reviews by the first quarter of 2006:

(a) Mission planning, with the main objective being to identify risks and exposure to duplication, fraud, abuse of authority, inefficiency and ineffectiveness in the mission-planning process at the Department of Peacekeeping Operations and at the field mission level;

(b) Substantive operations in respect of rule of law; disarmament, demobilization, rehabilitation and reintegration; elections; human rights; and mine action with the objective of identifying risks and exposure to duplication, fraud and abuse of authority;

(c) Information technology, to assess the overall economy and efficiency of the information and communication technology operations;

(d) Human resources management, to assess the overall economy and efficiency of human resources management, including recruitment and training;

(e) Financial management and budgeting, to determine the overall efficiency and effectiveness of the finance and budget functions of the Department of Peacekeeping Operations and the Peacekeeping Financing Division of the Department of Management;

(f) Procurement and supply, to gain a greater understanding of the interrelationship between units within the Department of Peacekeeping Operations and the missions that they support;

(g) Transport operations at two missions focusing on transport, aviation, movement control and air safety, food cell and fuel cell units/sections and procurement and personnel sections;

(h) Assessment of the Peacekeeping Best Practices Unit with a focus on key processes used by the Unit to plan, allocate, manage, maintain and operate activities at Headquarters and in selected offices at peacekeeping missions.

18. The Joint Inspection Unit was evaluating the implementation of results-based budgeting in peacekeeping operations for a report to the General Assembly at its sixtieth session.

19. The Administration appointed several external consultants to perform an assessment of the internal controls of the Procurement Service. The Board considered the scope of the consultants' work, and their report, issued on 6 December 2005.

20. After taking into account the many reviews that were scheduled to be conducted by the other oversight bodies, the Board limited its performance-related coverage to following up on the status of implementation of its previous recommendations on the above areas, where applicable, in order to avoid a duplication of efforts.

C. Detailed findings and recommendations

1. Financial overview

21. The data in table II.1 indicate that the financial situation, relatively constant in the two financial periods ended 30 June 2002 and 2003, had deteriorated noticeably for the year ended 30 June 2004. It had improved slightly for the year ended 30 June 2005. Key concerns include the material amount of outstanding contributions, which in turn resulted in insufficient cash to finance liabilities, as is elaborated on later in the present report.

Table II.1
Ratios of key financial indicators

Description of ratio	*Year ended 30 June*				*Components of 2005 ratio*[a]
	2002	*2003*	*2004*	*2005*	
Assessed contributions outstanding/total assets[b]	0.39	0.35	0.46	0.45	1.657/ 3.651
Cash/total assets[c]	0.54	0.56	0.47	0.48	1.742/ 3.651
Cash/liability (active missions, including the Peacekeeping Reserve Fund, support account ad UNLB)[d]	1.06	1.18	0.74	0.82	1.431/ 1.750
Cash/liability (closed missions)[d]	1.02	0.80	0.65	0.76	0.311/ 0.406
Debt owed to Member States/total liabilities[e]	0.26	0.27	0.31	0.16	0.336/ 2.047
Unliquidated obligations/total liabilities[f]	0.56	0.56	0.52	0.62	1.279/ 3.651

[a] In billions of United States dollars.
[b] A low indicator depicts a healthy financial position.
[c] A high indicator depicts a healthy financial position.
[d] A low indicator is a reflection that insufficient cash is available to settle debts.
[e] A low indicator is a positive reflection that debts owed to Member States are being settled.
[f] A low indicator is a positive reflection that obligations are being liquidated.

Analysis of income and expenditure

22. Total income for the year ended 30 June 2005 amounted to $4.5 billion (2003/04: $3 billion), while total expenditure amounted to $4.1 billion (2003/04: $2.9 billion) (see table II.2). The increase in expenditure of approximately 41 per cent is attributable mainly to the expanded operations of recently established missions: the United Nations Stabilization Mission in Haiti, the United Nations Operation in Burundi, the United Nations Mission in Liberia and the United Nations Operation in Côte d'Ivoire (UNOCI) and the establishment of a new mission, the United Nations Mission in the Sudan.

Table II.2

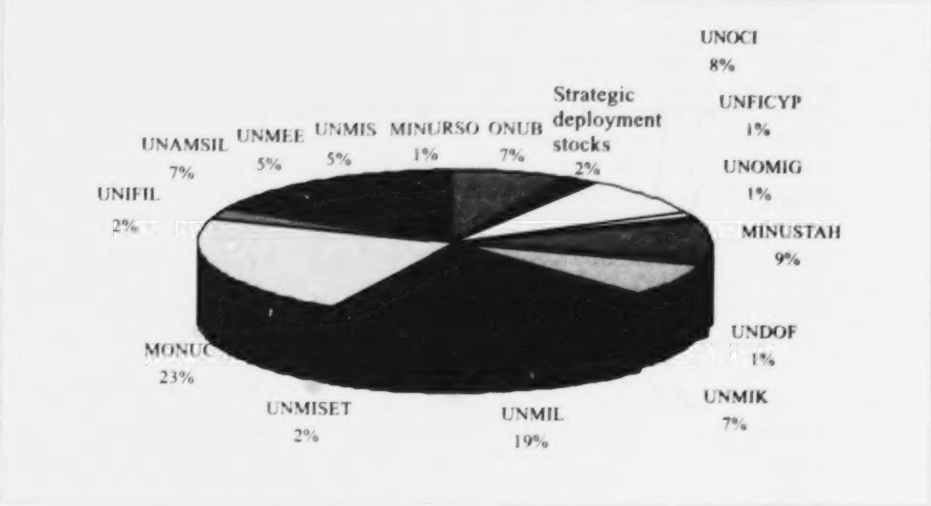
Income and expenditure for recently established missions for the period ended 30 June 2005

(Thousands of United States dollars)

	2004/05			2003/04	
Mission	*Income*	*Expenditure*	*Percentage of total peacekeeping expenditures before fund eliminations*	*Expenditure*	*Percentage increase*
UNMIS	279 139	218 866	5	-	-
UNMIL	870 741	783 915	18	548 279	43
UNOCI	390 868	347 345	8	83 063	318
MINUSTAH	380 671	377 235	9	34 556	991
ONUB	330 903	303 794	7	40 131	657
Total, new missions	**2 252 322**	**2 031 155**	**47**	**706 029**	**187**
Total, peacekeeping operations before fund eliminations	**4 718 200**	**4 333 221**		**3 081 630**	
Fund eliminations	(236 528)	(258 915)		(147 823)	
Total, peacekeeping operations	**4 481 672**	**4 074 306**	**100**	**2 933 807**	**39**

23. In addition, for MONUC, expenditure increased by 41 per cent to $941 million (2003/04: $665 million). Two missions, MONUC and UNMIL, together accounted for 42 per cent ($1.7 billion) of total expenditure. Missions with significant declining expenditure levels were the United Nations Mission in Sierra Leone, which decreased by 42 per cent to $274.8 million (2003/04: $472.2 million), and the United Nations Mission of Support in East Timor, which decreased by 60 per cent to $81.6 million (2003/04: $204.4 million) (see fig. II.1).

Figure II.1
Mission expenditure as a percentage of total[a]



[a] As per schedule 1.1 of the financial statements. Percentages differ slightly from those in table II.2 owing to the exclusion of special accounts expenditure.

24. Obligations amounting to $4 million at UNMIL and $1 million at UNOCI were created without valid obligating documents. The United Nations Mission in Ethiopia and Eritrea could not provide supporting documents for 13 obligations totalling $1.3 million. The Board was therefore unable to determine the validity of those obligations or to confirm whether any financial liability had been incurred at the time that the obligations were created. Expenditure is therefore potentially overstated by more than $5 million for the period ended 30 June 2005.

25. The Department of Peacekeeping Operations informed the Board that during a recent workshop for Chief Financial Officers, it had reiterated to the Accounts Division the importance of strict compliance with the rules relating to the reservation of credits in the accounts and to the periodic review of unliquidated obligations. As a follow-up to the workshop goals, the Department would remind all missions to support obligations with valid documents.

26. **The Board recommends that the administrative heads of peacekeeping missions review all obligations lacking supporting or valid documentation to determine their validity.**

Assessed contributions outstanding and cash levels

27. Assessed contributions outstanding for the financial year ended 30 June 2005 increased by 9 per cent, to $1.65 billion (2003/04: $1.52 billion). This increase has resulted in a reduction in the amount of cash available ($1.74 billion) to settle liabilities ($2.05 billion). The outstanding assessed contributions and cash levels for all missions are indicated in table II.3.

Table II.3

Assessed contributions outstanding, cash balances and liabilities for active missions as at 30 June 2005

(Thousands of United States dollars)

Mission	*Assessed contributions*		*Cash*		*Liability*	
	Outstanding	*Percentage*	*Available*	*Percentage*	*Amount*	*Percentage*
UNFICYP	14 220	0.86	10 486	0.60	9 068	0.44
UNDOF	11 988	0.72	27 287	1.57	17 395	0.85
UNIFIL	51 479	3.11	71 168	4.09	[illegible]	2.49
MINURSO	43 652	2.63	2 902	0.17	19 454	0.95
UNOMIG	7 636	0.46	5 814	0.33	6 065	0.3
UNAMSIL	54 287	3.28	237 696	13.64	191 662	9.36
UNMIK	77 614	4.68	5 868	0.34	70 753	3.46
MONUC	279 012	16.84	197 125	11.32	380 482	18.58
UNTAET/UNMISET	55 360	3.34	19 726	1.13	57 774	2.82
UNMEE	35 999	2.17	49 012	2.81	54 589	2.67
UNMIL	51 528	3.11	289 322	16.61	236 098	11.53
UNOCI	94 234	5.69	72 684	4.17	111 102	5.43
MINUSTAH	76 527	4.62	57 777	3.32	131 412	6.42
ONUB	90 253	5.45	55 533	3.19	119 061	5.82
UNMIS	161 858	9.77	142 871	8.20	247 857	12.11
Total, active missions	**1 105 647**	**66.73**	**1 245 271**	**71.48**	**1 703 684**	**83.22**
Total, closed missions and special accounts	**551 339**	**33.27**	**496 749**	**28.52**	**343 609**	**16.78**
Total, peacekeeping operations	**1 656 986**	**100**	**1 742 020**	**100**	**2 047 293**	**100**

28. An amount of $1.773 billion was outstanding for assessed contributions from Member States according to the status-of-contributions report (ST/ADM/SER.B/650). It differed by $116 million from the amount of $1.657 billion disclosed in the financial statements as at 30 June 2005. As stated in note 4 to the financial statements and as was the case in prior years, this is because the contributions report was printed too early in July 2005 to reflect any assessments or applications of credits returned to Member States and that these were approved by the General Assembly in late June. The reconciling items between the outstanding assessed contributions of Member States as per the financial statements and the status-of-contributions report were nevertheless valid.

29. An amount of $705.2 million of the total $1.66 billion (42 per cent) had been outstanding for over one year, of which $153.9 million related to active peacekeeping missions, $537.7 million to completed missions and $13.6 million to special-purpose accounts.

30. The Board is concerned at the level of unpaid assessments, particularly for completed missions, because of the uncertainty of recovery. This is relevant since

the United Nations decided not to make a provision for the possible non-collection of amounts owed by Member States, even though such a provision would provide a fairer presentation of the Organization's financial position.

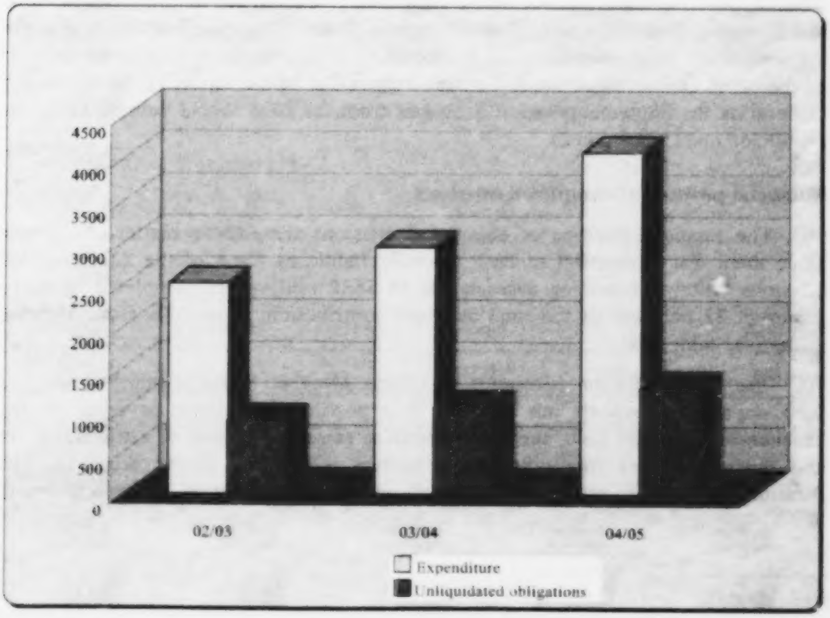
31. The non-payment of assessments seriously affected the Organization's ability to meet its financial obligations since it had a negative impact on cash flow. This resulted in three active missions, the United Nations Observer Mission in Georgia, the United Nations Interim Administration Mission in Kosovo and the United Nations Mission for the Referendum in Western Sahara, borrowing $125.5 million from the accounts of closed missions (the United Nations Protection Force and the United Nations Mission in Haiti). The outstanding balances of these loans totalled $29 million as at 30 June 2005 ($20 million and $9 million owed by UNMIK and MINURSO respectively).

32. A further balance of $12.6 million had been outstanding since August 1999 in respect of loans between the accounts of closed missions. The United Nations Support Mission in Haiti and the United Nations Mission in the Central African Republic owed $9.4 million and $3.2 million respectively to UNMIH.

Unliquidated obligations

33. Unliquidated obligations of $1.28 billion decreased from 36 per cent of expenditure in 2003/04 to 31 per cent in 2004/05, as reflected in figure II.2. Approximately $1.045 billion (82 per cent) of the balance of unliquidated obligations relates to current-year obligations, while the balance of $234 million represents prior-year obligations.

Figure II.2
Total unliquidated obligations
(Millions of United States dollars)



34. The cancellation of prior-period obligations for 2004/05 amounted to $167.8 million (2003/04: $73.6 million). Those obligations represented 16 per cent of the closing balance of total unliquidated obligations for the previous financial year compared to 8 per cent for 2003/04. This may be an indication of a need to improve budget planning and monitoring or a risk that invalid obligations were initially raised, or of a combination of the two.

35. **The Board recommends that the Administration assess the reasons for the increase in savings and cancellations of prior-year unliquidated obligations and implement measures to address the shortcomings.**

36. The Administration informed the Board that the Accounts Division had regularly reiterated to the missions as well as to the Department of Peacekeeping Operations the importance of the proper establishment of obligations and the need for systematic reviews for their timely closure. As a substantial part of the savings in fiscal year 2005 related to obligations raised by the Department at Headquarters, the Controller had written to the Department to review the matter and to take action to improve the process.

2. United Nations system accounting standards

37. The Board assessed the extent to which the financial statements of the United Nations peacekeeping operations for the financial period ended 30 June 2005 conformed to the United Nations system accounting standards. The financial statements were consistent with those standards.

3. Presentation and disclosure of financial statements

38. The Board previously recommended[3] that the Administration consider the disclosure of items in the financial report in terms of good governance principles relating to oversight, performance reporting, social accounting issues, risk management, continuity and internal control issues. The Administration did not implement the recommendation, as it intended to revert to the matter in the context of the comprehensive governance review referred to in the report of the Secretary-General on the implementation of decisions from the 2005 World Summit Outcome (A/60/568 and Corr.1 and 2).

4. Financial position of completed missions

39. The financial position of completed missions remained a matter of concern since there was a shortfall of cash to cover liabilities for 8 of the 22 completed missions. Total outstanding assessments of $538 million for completed missions represent 32 per cent of the total assessed contributions receivable from Member States (see table II.4).

40. The Administration continued to inform Member States regularly regarding their unpaid assessments but was not in a position to enforce payment. In the absence of sufficient cash, the Administration remained unable to settle liabilities and thus to resolve long-outstanding matters relating to closed missions. The Administration was preparing a report on the consolidation of peacekeeping

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[3] Ibid., para. 32.

operations, as requested in General Assembly resolution 57/319 of 18 June 2003, to be submitted to the Assembly at its sixtieth session.

41. **The Board remains of the view that the clearance of these long-outstanding amounts would be possible only with the intervention of the Member States concerned.**

Table II.4

Key financial data of completed peacekeeping missions

(Thousands of United States dollars)

Mission	*End of mandate*	*Outstanding assessments*	*(a)* *Available cash*	*(b)* *Total liability*	*(c)=(a)-(b)* *Excess/(shortfall) of cash relative to liabilities*
UNIKOM	October 2003	4 724	43 340	1 573	41 767
UNMIBH	December 2002	35 839	19 469	9 028	10 441
UNMOT	May 2000	23	4 749	2 472	2 277
MIPONUH	March 2000	19 457	2 019	9 618	(7 599)
MINURCA	February 2000	35 603	142	23 995	(23 853)
MONUA and UNAVEM	February 1999	35 873	30 860	9 270	21 590
UNPREDEP	February 1999	1 310	15 907	7 659	8 248
UNTAES	January 1998	9 049	22 270	9 115	13 155
UNOMIL	September 1997	72	7 584	3 290	4 294
UNPF [a]	June 1997	149 518	69 105	12 160	56 945
MINUGUA	May 1997	147	34	163	(129)
UNMIH	June 1996	221	43 930	14 688	29 242
UNAMIR and UNOMUR	March 1996	7 633	20 055	4 075	15 980
ONUSAL	April 1995	2 102	4 668	3 564	1 104
ONUMOZ	December 1994	18 328	426	1 296	(870)
UNOSOM	March 1995	59 437	2 390	19 747	(17 357)
UNMLT	November 1994	13	227	109	118
UNTAC	March 1994	41 822	102	40 938	(40 836)
UNTAG	June 1991	24	19 063	16 721	2 342
UNIIMOG	June 1991	18	4 330	12	4 318
UNEF	June 1967	42 627		42 137	(42 137)
ONUC	June 1964	73 892		46 754	(46 754)
Total		**537 732**	**310 670**	**278 384**	**32 286**

[a] Excludes deferred credits (reimbursable by Member States but not for the current period) of $127.4 million.

5. Voluntary contributions receivable and unrecorded liabilities

United Nations Peacekeeping Force in Cyprus

42. As stated in footnote (g) to statement IV, voluntary contributions receivable as at 30 June 2005 for UNFICYP amounted to approximately $5.57 million, with $4.8 million outstanding in respect of the period prior to 15 June 1993. Also, similar to the prior year, cumulative obligations in respect of amounts due to Member States amounting to $194.7 million as at 30 June 2005 remained unrecorded, as explained in footnote (e) to statement IV. In accordance with the United Nations system accounting standards (para. 34), a provision may be made as appropriate where the collection of the voluntary contribution so recognized is considered doubtful. The Administration has elected not to do so.

43. The Administration indicated previously that the Member States concerned had been requested to agree to the write-off of their unpaid pledges to the UNFICYP special voluntary contributions account against their unrecorded claims, but minimal response was received. The Administration also informed the Board that it would renew its request to all Member States concerned.

44. **The Board reiterates its view that the clearance of these long-outstanding amounts would be possible only with the intervention of the Member States concerned.**

6. Accounts receivable and accounts payable

45. Other accounts receivable (excluding outstanding assessments) and accounts payable amounted to $23.4 million (2003/04: $15.5 million) and $95.5 million (2003/04: $113.8 million) respectively. The Department of Peacekeeping Operations reminded missions to regularly review accounts receivable and promptly recover all outstanding amounts. The missions responded that they had significantly reduced both the accounts receivable from staff and the time period for which the amounts remained outstanding.

46. Despite the Administration's efforts and as previously reported,[4] the Board again noted long-outstanding accounts receivable at active missions (MINURSO, UNAMSIL, UNDOF, UNFICYP, UNMEE, UNMIK, UNMIL, UNMISET and UNOMIG) and accounts payable (UNAMSIL, UNIFIL, UNMIK and UNMISET).

47. Furthermore, MINURSO and UNIFIL have put appropriate mechanisms in place and the ageing analyses were regularly generated in accordance with established procedures. Other missions, however, did not have reliable ageing analyses.

48. **The Board reiterates its recommendation that the Administration ensure that missions improve the management of long-outstanding accounts receivable and review their systems to ensure the accurate ageing of accounts receivable.**

49. The Department of Peacekeeping Operations informed the Board that during a recent workshop of Chief Financial Officers, it and the Accounts Division had stressed again the importance of enforcing the established procedures to ensure that accounts receivable were recovered in a timely manner. The Department would

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[4] Ibid., paras. 66-69.

remind the missions to institute reliable ageing mechanisms and appropriate controls to ensure that accounts receivable were regularly reviewed and promptly recovered.

7. Peacekeeping Reserve Fund

50. The level of the Peacekeeping Reserve Fund as at 30 June 2005 was $165.8 million (30 June 2004: $163.8 million), $15.8 million higher than the approved level of $150 million. The General Assembly, in its resolution 59/297 of 22 June 2005 decided that the excess of $13.8 million for the period ending 30 June 2004 should be applied to meet the requirements of the support account for the period from 1 July 2005 to 30 June 2006. No decision had been taken by the Assembly by October 2005 on the remaining $2 million in excess of the approved level.

51. The Peacekeeping Reserve Fund included $12.8 million due from MINURCA (outstanding in respect of periods prior to June 1999). Cash and cash equivalents increased by $38 million (33 per cent), from $114.9 million in the previous year to $152.9 million as at 30 June 2005, which represents 92 per cent of the total Reserve Fund balance.

8. Banks and cash

52. A bank reconciliation is a critical internal control procedure for detecting errors, misstatements and fraud. The Board previously reported[5] on deficiencies in bank and cash management. Although bank reconciliations were, in general, adequately prepared and used, some exceptions were noted:

(a) Bank reconciliations were not performed in a timely manner at MINURSO, MONUC and UNDOF. The Department of Peacekeeping Operations reported that this was due to late receipts of bank statements, but that the banks had subsequently granted the missions access to online statements;

(b) Funds received were not banked in a timely manner at UNMIL and had exceeded the prescribed two-business-day period by up to two weeks.

53. **The Board recommends that the Administration ensure proper bank and cash management practices in line with applicable directives.**

54. The Department of Peacekeeping Operations informed the Board that UNMIL had instituted a monitoring mechanism to ensure that funds were deposited within two business days, in accordance with the established rule. MINURSO had also confirmed that it had cleared the backlog of bank reconciliations as at November 2005. Missions have been reminded to put in place measures to facilitate the timely receipt of bank statements and preparation of bank reconciliations. The United Nations Treasury was implementing a project to assist the missions to obtain daily electronic bank statements.

9. Funds monitoring tool

55. The Board followed up on its previous recommendations on the funds monitoring tool, which was developed to assist peacekeeping missions with the implementation of the new policy on allotments.[6] It had been implemented at all peacekeeping missions and was operational. Formal training has been conducted at

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[5] Ibid., paras. 70 and 71.

[6] Ibid., paras. 39, 42, 45, 48 and 51.

all missions for staff with finance and/or budgeting responsibilities. In addition, trainers have been trained to act as focal points, ensuring training for new staff and providing refresher courses periodically.

56. The Administration informed the Board that the funds monitoring tool allowed for monitoring redeployments for the financial year 2004/05 and was to provide the 2005/06 projection by 31 December 2005. Overall, the funds monitoring tool would be utilized to more accurately formulate budgets and increase budget implementation rates, bringing expenditures more in line with budgets.

57. The budget implementation rate per mission over the past three financial periods has shown improvement, and recently most of the stable missions averaged a 95 per cent budget implementation rate. The Administration informed the Board that it would continue to monitor the trends in implementation rates and improve the funds monitoring tool.

10. Liquidation of missions

United Nations Mission of Support in East Timor

58. As at 30 June 2005, UNMISET was classified as an active mission in the financial statements. UNMISET incurred expenditure of $81.6 million for the year under review. The Security Council, by its resolution 1573 (2004), extended the mandate of UNMISET for a final six months until 20 May 2005. An amount of $1.6 million was allocated for the liquidation activities from 21 May to 30 June 2005. At the time of the audit visit, UNMISET was already in the liquidation phase.

59. Under the terms of the Liquidation Manual (June 2003), an exit strategy and liquidation plan should drive the liquidation process in respect of missions. The head of the mission (the Special Representative of the Secretary-General) is responsible for formulating the exit strategy, which is derived from the mandated tasks promulgated in the Security Council resolution. It should define, in concrete terms, the head of the mission's vision of the state in which the host nation is to be left at the time of the departure of the mission.

60. While an exit strategy was not specifically drawn up for UNMISET, its mandate (Security Council resolution 1543 (2004)) partly fulfilled this role as it described the objective of the Mission during the consolidation phase. UNMISET was mandated to assist the Security Council to achieve an overall objective of security, stability and self-sufficiency in Timor-Leste, a reference to the "state in which the host nation is to be left", and the United Nations Office in Timor-Leste was designed to be the follow-up mission and exit strategy of UNMISET.

61. The Chief Administrative Officer was responsible for preparing and executing the liquidation plan. The plan was drawn up with reference to the guidelines of the Liquidation Manual, and pre-liquidation visits from Headquarters were conducted under the terms of section 1.4 of the manual. As at September 2005, the status of the liquidation process was as follows:

Operational issues

(a) Assets had been identified for transfer to UNOTIL or other missions or for donation;

Financial issues

(b) All petty cash was closed and transferred to UNOTIL. Local bank accounts had been closed, while other bank accounts remained open for use during the liquidation process;

(c) Items in respect of receivables and payables ($1.5 million and $1.2 million respectively as at 30 June 2005) remained outstanding while processes for recovery and reimbursement were ongoing. Outstanding assessments amounted to $55 million as at 30 June 2005;

(d) The planned final date of liquidation was to be between the latter part of 2007 and the first quarter of 2008.

United Nations Iraq-Kuwait Observation Mission

62. The Board previously reported that the target date for the completion of liquidation activities in the field in respect of UNIKOM had not been achieved. As at September 2005, the status of the liquidation process was as follows:

(a) Thirty-two receivable items from military personnel for a total amount of $7,676 were still outstanding;

(b) Sixteen assets with an inventory value of $3 million were pending confirmation by the Headquarters Property Survey Board for disposal;

(c) The expected completion date of liquidation was indicated as the first quarter of 2006.

11. Write-off of losses of cash, receivables and property

63. The Administration informed the Board that property losses of $4.5 million (2003/04: $5.2 million) had been written off during 2004/05 in accordance with financial rule 106.9. In addition, losses amounting to $446,570 (2003/04: $588,572) were written off in respect of accounts receivable considered not recoverable, cash losses, overpayments and other accounts for the period under review in accordance with financial rule 106.8.

12. Ex gratia payments

64. The Administration reported one ex gratia payment amounting to $40,000 that had been made to the father of a deceased UNMIK staff member who had lost her life while performing official duties during the financial period ended 30 June 2005.

13. Procurement and contract management

Office of Internal Oversight Services review

65. The Office of Internal Oversight Services was in the process of conducting a comprehensive management audit to review the practices of the Department of Peacekeeping Operations and to identify risks and exposure to duplication, fraud and abuse of authority in various areas, including procurement. The audit would be conducted both at United Nations Headquarters and in the field, with MONUC and UNMIS as test missions, to gain a greater understanding of the interrelationship between units within the Department of Peacekeeping Operations and the missions

that they support as well as the Procurement Service. The following areas were planned to be covered by the Office of Internal Oversight Services

(a) Payments to suppliers;

(b) Efficiency improvements;

(c) Prevention or detection of fraud and abuse controls;

(d) Inappropriate procurement (excessive stock, unused stock/assets, unnecessary purchases, unnecessary specifications leading to increased costs).

Internal controls review

66. An external consulting firm, commissioned by the Administration, reviewed the internal controls of the Procurement Service, covering only Headquarters-generated procurement, including for peacekeeping operations. The consultant's report, which was published by the Administration on 6 December 2005, included:

(a) A critical examination of the general adequacy and effectiveness of the current regulatory and legal environment;

(b) A review of the span of control of supervisors and the appropriate degree of independence exercisable by procurement officers;

(c) An assessment of the existing policies, processes, systems, resources and controls, as well as the underlying regulations and directives serving as the framework for all administrative actions.

67. The significant findings were as follows:

(a) Procurement processes were outdated, failed to align with and reasonably support the procurement needs of primary customers and were inconsistently executed by the procurement staff;

(b) The staff of the Service constituted the main controls that were in place, making the Organization vulnerable to potential fraudulent or corrupt activity. This is not to imply findings of fraud or corruption, as this review was not investigatory;

(c) Procurement Service staff lacked sufficient professional development support and training;

(d) The governance structure demonstrated several areas of weakness, including insufficient management reporting and insufficient oversight of procurement operations;

(e) While ethics and integrity training had recently been conducted, the overall programme was weak and had not been sufficiently supported by management.

Summary of conclusions on procurement and contract management

68. The Board limited its audit of procurement and contract management primarily to determining the status of implementation of its previous recommendations. In summary, the Board noted that:

(a) Systems contracts had not been allocated on an equitable geographical basis (paras. 69-74);

(b) Opportunities for coordinated procurement activities at the local level had not been fully explored (paras. 75-78);

(c) New procedures for the technical evaluation of prospective vendors were under review by the Inter-Agency Procurement Working Group, and a common framework to guide missions in the registration of prospective local vendors had not been developed (paras. 79-83);

(d) Assessments of the progress and final performance of vendors had yet again not been submitted by missions in a timely manner (paras. 84-87);

(e) Vendor review committees had still not been established at all missions (paras. 88-93);

(f) Performance bonds again had not always been obtained from contractors in accordance with procurement regulations, resulting in potential losses to the United Nations (paras. 94-99);

(g) A vacancy rate of more than 10 per cent existed in respect of procurement staff at five missions (paras. 100-106);

(h) Two of the recently established missions did not have a procurement plan (paras. 107-115);

(i) Not all peacekeeping missions had formally identified training needs or developed training plans for procurement officers, and the effectiveness of training provided had not always been evaluated (paras. 116-120);

(j) The long-standing issue of guidelines for the implementation of ethical principles for United Nations staff working in the procurement process had yet to be promulgated (paras. 121-124);

(k) A code of conduct for suppliers to the United Nations was still under review (para. 125);

(l) The number of ex post facto cases submitted by missions to Headquarters had increased significantly, from 30 cases in 2003 to 97 cases in 2004 (paras. 126-134);

(m) There were lengthy lead times for approval of contract submissions by the Headquarters Committee on Contracts ranging from 7 to 461 days (paras. 135-137).

Breakdown of operational expenditure

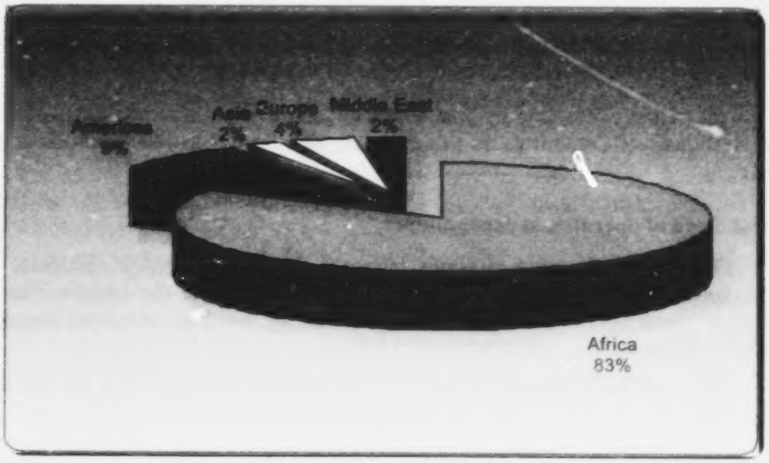
69. The 15 peacekeeping missions managed during the 2004/05 financial year were spread across Africa, the Americas, Asia, Europe and the Middle East (see fig. II.3). Total operational expenditure incurred by the those missions during the 2004/05 financial year amounted to $1.5 billion.

70. The operational expenditures incurred during the financial year are set out in table II.5.

Table II.5
Operational expenditure per mission
(Thousands of United States dollars)

Mission	*Operational expenditure*
UNFICYP	14 777
UNDOF	14 256
UNIFIL	18 293
MINURSO	18 862
UNOMIG	10 530
UNAMSIL	79 484
UNMIK	32 081
MONUC	380 258
UNMISET	28 173
UNMEE	63 668
UNMIL	249 078
UNOCI	138 326
MINUSTAH	128 335
ONUB	125 456
UNMIS	186 344
Total	**1 487 921**

Figure II.3
Geographical distribution of mission operational expenditure



Systems contracts

71. During the 2004/05 financial year, a total of 171 systems contracts (including amendments) valued at $714,533,476 had been issued by the Procurement Service for the Department of Peacekeeping Operations. Contracts were allocated to vendors from 27 countries, as indicated in table II.6.

Table II.6

Value of systems contracts, by country and region

(United States dollars)

Country	*Geographical region*	*Value of contract*
South Africa	Africa	31 057 907
Sudan	Africa	76 257 000
Subtotal		**107 314 907**
United States of America	Americas (North)	225 700 420
Argentina	Americas (South)	209 520
Subtotal		**225 909 940**
India	Asia	18 647 850
Japan	Asia	42 635 302
Republic of Korea	Asia	4 632 000
Russian Federation	Asia	1 160 654
Singapore	Asia	917 250
Thailand	Asia	354 342
Subtotal		**68 347 398**
New Zealand	Australasia	14 427 260
Subtotal		**14 427 260**
Austria	Europe	1 295 609
Bulgaria	Europe	8 141 400
Cyprus	Europe	44 455 380
Czech Republic	Europe	2 700 000
Denmark	Europe	28 161 471
France	Europe	26 560 828
Germany	Europe	12 681 486
Hungary	Europe	134 700
Italy	Europe	83 420 941
Monaco	Europe	14 176 359
Netherlands	Europe	8 150 000
Norway	Europe	25 776 119
Slovakia	Europe	241 500
Sweden	Europe	19 283 441

Country	*Geographical region*	*Value of contract*
United Kingdom of Great Britain and Northern Ireland	Europe	22 973 856
Subtotal		**298 153 090**
United Arab Emirates	Middle East	380 883
Total		**714 533 476**

72. The Procurement Manual in section 9.3.4 (2), stipulates that procurement officers should strive to ensure equitable geographical representation by vendors. In addition, the General Assembly, in paragraph 6 of its resolution 57/279 of 20 December 2002, also requested the Secretary-General to encourage the organizations of the United Nations system, consistent with their respective mandates, to take further steps to increase procurement opportunities for vendors from developing countries and countries with economies in transition. Although 83 per cent of total operational expenditure had been incurred by missions in the Africa region, 41 per cent and 32 per cent of the contracts have been allocated to vendors in the European and Americas regions respectively. Similarly, of a total of 171 systems contracts, 51 per cent and 22 per cent had been awarded to vendors in the European and Americas regions respectively. Figures II.4 and II.5 illustrate the geographical spread of systems contracts by value and by number of contracts.

Figure II.4
Geographical distribution of contracts by value ($714,533,476)

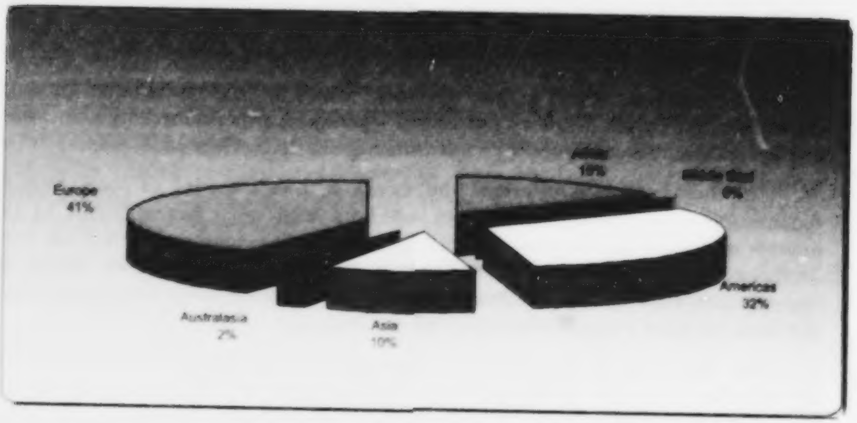
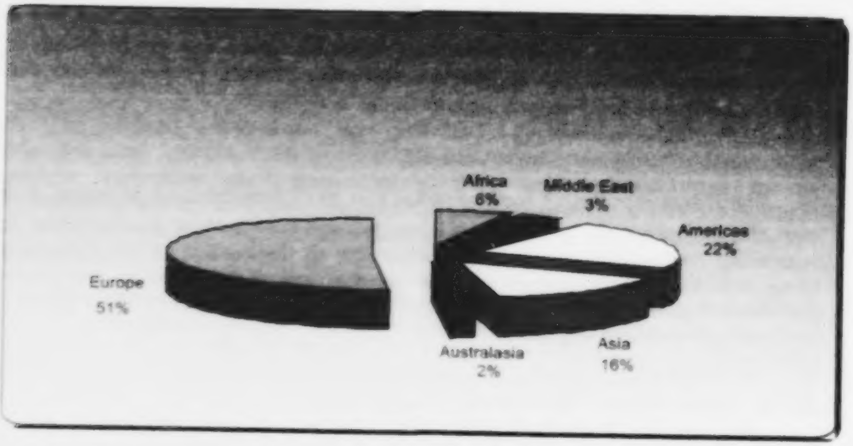


Figure II.5
Geographical distribution of contracts by number (171 contracts)



73. The Procurement Service indicated that it was unable to influence the geographical distribution of contracts since awards of contracts were dependent on competitive offers made by vendors invited for each individual solicitation exercise. Suppliers from developing countries were encouraged to apply for registration with the United Nations and to participate in each individual solicitation exercise, and a number of business seminars were held in developing countries. Some of the products typically required by United Nations systems contracts were not always available from manufacturers in developing countries.

74. **The Board recommends that the Administration take further initiatives to improve procurement opportunities for vendors from developing countries and countries with economies in transition to ensure a more equitable geographical distribution of procurement contracts.**

Inter-agency local procurement activities

75. The Board previously recommended[7] that the Administration promote throughout the United Nations system inter-agency local benchmarking and, where appropriate, joint sourcing for the procurement of basic services and goods.

76. The Administration informed the Board that in the case of local mission requirements, the Procurement Office consults with other organizations in the mission area upon deployment. At Headquarters, the Procurement Service has been exploring opportunities for joint sourcing for the past few years, whenever opportunities arise. The implementation of this recommendation is an ongoing effort that does not have a specific date for implementation.

77. The Board is of the view that opportunities for coordinated procurement activities at the local level have not been fully explored. For example, there was no formal coordinated procurement planning by United Nations agencies at the local level, although this could be facilitated by the United Nations country team. Similarly, the United Nations Resident Coordinator could play an important role in promoting inter-agency coordinated procurement activities.

78. **The Administration agreed with the Board's recommendation to, in consultation with the United Nations Development Group and the Inter-Agency Procurement Working Group, pursue initiatives within predetermined time frames to improve inter-agency procurement activities.**

Registration of prospective local vendors

79. The Board previously[8] recommended that the Administration, in consultation with the peacekeeping missions, analyse the pre-qualification requirements for registering prospective local vendors. This was in the context of the difficulties being experienced with respect to local vendors and with a view to considering alternative compensating controls for registering those local vendors where goods or services were required urgently.

80. The Procurement Service had envisaged new technical evaluation procedures for the United Nations Global Marketplace (a database of suppliers available to all United Nations and World Bank personnel). This is based on a lead-agency concept whereby a particular United Nations agency takes the lead on procurement activities for commodities commensurate with its areas of expertise. For example the United Nations Population Fund is the lead agency for reproductive health commodities. The goal was to improve the technical evaluation of prospective vendors so that the missions could rely on expertise within the United Nations system and to apply a consistent approach in technical evaluation. New procedures were presented at the Inter-Agency Procurement Working Group meeting in May 2005 and were under review by the members. Other than criteria for technical qualification review, the Procurement Service was of the opinion that the missions should develop their own

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[7] Ibid., para. 239.

[8] Ibid., para. 269.

criteria locally, since the economic and other relevant conditions differed from one location to another, while the Service would remain available for consultation.

81. The Board is concerned that the approach adopted by the Procurement Service may lead to inconsistency. The Board is of the view that a common framework or guidance is still required in order for missions to properly and consistently address the registration of prospective local vendors.

82. **The Board reiterates its recommendation that the Administration, in consultation with the peacekeeping missions, analyse the pre-qualification requirements for registering prospective local vendors in the context of the difficulties being experienced with a view to considering alternative compensating controls for registering those local vendors where goods or services are required urgently.**

83. The Procurement Service informed the Board that it would develop guidelines for the registration of local vendors in consultation with the missions.

Performance reports

84. In its previous three reports the Board recommended that the Administration ensure that peacekeeping missions compile assessments of the progress and final performance of vendors and forward them to the Procurement Service in a timely manner in order to prevent situations in which contracts are maintained, extended and/or renewed in the absence of vendor evaluations.[9]

85. The Department of Peacekeeping Operations had been in discussions with the Procurement Service to streamline the procedures for performance evaluation by the missions and subsequent reporting to the Service. Those procedures were to be implemented by the second half of 2006.

86. **The Board reiterates its previous recommendation that the Administration ensure that peacekeeping missions compile assessments of progress and final performance of vendors and forward them to the Procurement Service in a timely manner in order to prevent situations in which contracts are maintained, extended and/or renewed in the absence of vendor evaluations.**

87. The Department of Peacekeeping Operations informed the Board that the web portal through which missions would provide their performance reports was fully operational. The Procurement Service would continue to encourage the Department and the missions to submit performance reports in a timely manner.

Vendor review committees

88. The Board recommended in its previous report[10] that the Administration consider the feasibility of compliance by missions with the Procurement Manual in respect of local vendor review committees and vendor database officers with a view to revising the Manual, if appropriate, while ensuring proper controls and accountability.

89. Vendor review committees had not been established at all missions as required in the Procurement Manual. The Procurement Service was of the view that the

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[9] Ibid., para. 277.

[10] Ibid., para. 272.

requirement to establish local vendor review committees may in certain cases place an additional burden on some missions where staffing capacity is problematic. The Service indicated that the Chief Procurement Officers at the missions could be authorized to review the registration and performance of vendors.

90. No feasibility study had been done to assess which missions should be exempted from the requirement to establish a local vendor review committee and vendor database officers. The Board evaluated the ratio of local procurement incurred at the mission level to total procurement, as indicated in table II.7.

Table II.7
Split between Headquarters and field operational expenditure
(Thousands of United States dollars)

Mission	*Total operational expenditure*	*Expenditure incurred at Headquarters*	*Expenditure incurred at the field mission*	*Field expenditure as a percentage of the total*
UNFICYP	14 777	2 315	12 462	84
UNDOF	14 256	2 190	12 066	85
UNIFIL	18 293	5 400	12 894	70
MINURSO	18 862	10 535	8 327	44
UNOMIG	10 530	3 829	6 701	64
UNAMSIL	79 484	51 130	28 354	36
UNMIK	32 081	6 900	25 181	78
MONUC	380 258	177 506	202 753	53
UNMISET	28 173	15 733	12 440	44
UNMEE	63 668	40 612	23 056	36
UNMIL	249 078	123 012	126 066	51
UNOCI	138 326	77 422	60 904	44
MINUSTAH	128 335	70 855	57 479	45
ONUB	125 456	62 233	63 223	50
UNMIS	186 344	121 464	64 880	35
UNLB[a]	18 065	2 843	15 222	84
Total	**1 505 986**	**773 979**	**732 008**	**49**

[a] Excluding strategic deployment stocks.

91. Although expenditures incurred locally by all field missions were significant, no local vendor review committee had been established nor a local vendor database officer appointed at MONUC, UNDOF, UNIFIL, UNLB, UNMISET, ONUB, UNAMSIL and MINURSO.

92. **The Board reiterates its previous recommendation that the Administration consider the feasibility of compliance by missions with the Procurement Manual in respect of local vendor review committees and vendor database officers with a view to revising the Manual, if appropriate, while ensuring proper controls and accountability.**

93. The Procurement Service indicated that it had recommended changing the procedures governing vendor review committees. The Service was seeking nominations of members from offices outside of the Service to improve transparency, while seeking expert advice from staff members serving in other offices. Once the procedures were approved, the Service would instruct the missions to establish similar arrangements and make the necessary changes to the Procurement Manual. This change would also allow missions with staff constraints to establish local vendor review committees.

Performance bonds

94. Section 13.6.3 (3) (j) of the Procurement Manual states that a performance bond clause providing for a formal notice of bond, usually ranging from 10 per cent to 30 per cent of the contract price, is generally required from the contractor on signing of the contract in cases above $100,000, subject to forfeit if the contractor fails to correct satisfactorily a performance failure within 30 days following receipt of such notice. The bond is the United Nations "lien" against contractor performance.

95. The Board followed up on its prior year recommendation that performance bonds should be obtained from contractors in a timely manner.[11] The minutes of meetings of the Headquarters Committee on Contracts indicate that losses were suffered as a result of performance bonds not always being obtained in accordance with the contract stipulations. The Board remains concerned about the financial consequences of not having performance bonds in place.

96. For instance, a contract valued at $32 million was awarded to provide an uninterruptible power supply to MINUSTAH without the necessary performance bond having been requested. The contractor failed to perform and, because the performance bond had not been obtained, an estimated additional cost of $400,000 was incurred by the United Nations.

97. A contract to provide $41 million of fuel was signed without a performance bond having been requested. Owing to the failure to secure performance bonds, it is estimated that additional costs of approximately $1.11 million were incurred by the United Nations, as indicated in a memorandum from the Controller to the Chairman of the Headquarters Committee on Contracts dated 31 August 2005.

98. A $2.8 million contract at MONUC with a performance bond clause was not supported by the required performance bonds on inception. Although no loss was identified in this case, there is a risk that losses may be incurred in the event that the contractor defaults.

99. **The Administration agreed with the Board's reiterated recommendation to ensure that performance bonds are obtained from contractors in a timely manner, in accordance with procurement directives.**

Procurement staffing

100. There was an overall vacancy rate of 17 per cent at peacekeeping missions in respect of procurement staff during the financial year under review, which is a

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[11] Ibid., para. 280.

significant improvement from the prior year. Table II.8 reflects the details of these vacancies.

Table II. 8
Overall vacancy rate for procurement staff at peacekeeping missions as at 30 November 2005

Mission	*Approved posts*	*Encumbered posts*	*Vacant posts*	*Vacancy rate (percentage)*
UNFICYP	9	9	—	—
UNDOF	16	15	1	6
UNIFIL	28	26	2	7
MINURSO	7	7	—	—
UNOMIG	7	7	—	—
UNAMSIL	23	14	9	39
UNMIK	23	22	1	4
MONUC	44	37	7	16
UNMEE	11	10	1	9
UNMIL	41	26	15	36
UNOCI	19	16	3	16
MINUSTAH	18	18	—	—
ONUB	19	15	4	21
UNMIS	25	18	7	28
UNLB	10	9	1	10
Total	**300**	**249**	**51**	**17**

Note: UNMISET not included owing to liquidation.

101. **The Board recommends that the Administration determine the underlying causes of the high vacancy rates in the procurement sections at some of the missions and initiate an appropriate action plan to reduce them to acceptable levels.**

102. The Department of Peacekeeping Operations informed the Board that it was required by General Assembly resolutions 59/266 of 23 December 2004 and 59/296 to recruit new staff for peace operations principally on appointments of limited duration (300 series), which provide less attractive conditions of service than fixed-term appointments (100 series). In addition, the Secretariat had no means of compensating staff for difficult or hardship living conditions in special missions, since the Assembly had deferred its consideration of a proposal to include an element of hardship in the mission subsistence allowance. The Department further commented that these factors made recruiting and retaining staff more difficult, particularly as other United Nations agencies, funds and programmes operating in the same location as a peacekeeping mission could offer better conditions of service and greater job security. The Secretariat would be submitting a report to the Assembly at its resumed sixtieth session on proposals to create a cadre of peacekeeping professionals who could be deployed, on relatively short notice, to

any Department of Peacekeeping Operations field operation and to put in place appropriate conditions of service and contractual arrangements that would enhance the Department's ability to attract, recruit and retain staff for service in the field. Nevertheless, the missions, in coordination with the Department's Personnel Management and Support Service, were actively recruiting staff for all vacant posts, and significant progress had been achieved since the Board's audit in August 2005.

103. Vacancies existed within key management positions, such as Chief Procurement Officer, at the peacekeeping missions. There were three Chief Procurement Officer positions vacant as at 31 July 2005, two of them for over one year (see table II.9).

Table II.9

List of vacant Chief Procurement Officer positions

Mission	*Vacancy from*	*Duration to 31 July 2005*
UNDOF	June 2005	2 months
UNIFIL	July 2004	12 months
ONUB	June 2004	14 months

104. During the same period, MINUSTAH had five successive Chief Procurement Officers or officers-in-charge from other missions. Chief and Deputy Chief Procurement Officer positions are critical to ensure that the procurement sections at the various missions function effectively and have the necessary guidance. Vacancies in key management positions may lead to a negative impact on procurement operations, and existing staff may be placed under undue pressure owing to the work overload, resulting in errors.

105. **The Board recommends that the Administration expedite the filling of key vacant positions at peacekeeping missions, such as Chief Procurement Officer.**

106. The Department of Peacekeeping Operations informed the Board that it had put in place a number of mechanisms that would aid in the identification of qualified personnel with a view to facilitating their deployment in the least possible time while adhering to a fair and transparent process. In this regard, the Department, in collaboration with the Office of Human Resources Management, had established the Nucleus system, a suite of human resources applications integrated with the Integrated Management Information System and Galaxy. In that system Galaxy served as the front end for attracting applications for positions in field missions through the posting of generic and post-specific vacancy announcements. Through the Nucleus applications, programme managers in the field could have the facility to access the Nucleus roster search tool and identify a shortlist of pre-screened and technically cleared candidates for further review at the mission level and to select candidates for the forecasted vacancies.

Procurement planning

107. The Board followed up on its previous recommendations[12] on timely submission and review of procurement plans.

108. Quarterly revisions of procurement plans were performed by MINURSO, MONUC, ONUB, UNAMSIL, UNIFIL, UNLB, UNOMIG and UNMIL. However, MINUSTAH and UNMIS did not have procurement plans for the financial year 2004/05.

109. **The Board reiterates its recommendation that the Administrative heads of all peacekeeping missions be held accountable for submitting complete procurement plans on time.**

110. The Board noted that the Department of Peacekeeping Operations had subsequently instructed the Chief Administrative Officers and/or Directors of Administration at peacekeeping missions to be accountable and responsible for submitting procurement plans to Headquarters on an annual basis and reviewing the plans on a quarterly basis. The relevant instructions on procurement plans and their reviews were circulated to the missions along with the new delegations of authority in June 2005.

111. **The Board reiterates its recommendation that peacekeeping missions revisit procurement plans on at least the prescribed quarterly basis to ensure that the plans are updated with regard to the operational requirements of the missions.**

112. The Department of Peacekeeping Operations informed the Board that it had received the reports on the first-quarter review of the plans for the 2005/06 financial period and that the submission of the second-quarter review was in progress.

113. The Board analysed the trend of obligations raised during the year for all peacekeeping missions to determine whether adequate procurement planning had been carried out. The value of obligations raised in the last quarter of the year amounted to 27 per cent of total obligations raised during the year for all peacekeeping missions. The Board remains concerned by the high level of obligations incurred during the last quarter of the financial period. MONUC, UNLB and UNOMIG raised obligations between April and June 2005 of more than 40 per cent of the year's total, as illustrated in table II.10.

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[12] Ibid., paras. 260 and 263.

Table II.10

Obligations raised in last quarter of 2004/05[a]

(United States dollars)

Mission	*April*	*May*	*June*	*Total, last quarter*	*Total, 2004/05*	*Obligations raised in last quarter as a percentage of total*
UNFICYP	567 322	152 993	4 938 555	5 658 870	27 458 245	21
UNDOF	4 756	35 158	7 330 845	7 370 759	26 389 513	28
UNIFIL	643 114	264 368	6 413 654	7 321 136	44 600 723	16
MINURSO	382 025	52 124	3 462 383	3 896 532	14 767 018	26
UNOMIG	17 857	337 112	2 738 133	3 093 102	6 463 248	48
UNAMSIL	408 315	4 336	33 957 413	34 370 064	199 363 995	17
UNMIK	2 521 628	213 288	6 077 960	8 812 876	46 230 530	19
MONUC	13 208 864	194 188 378	139 790 137	347 187 379	784 469 544	44
UNMISET	—	160 025	6 562 948	6 722 973	27 935 533	24
UNMEE	1 082 216	384 060	8 892 914	10 359 190	125 859 417	8
UNMIL	8 264 924	8 181 074	63 773 827	80 219 825	500 292 203	16
UNOCI	2 722 123	2 597 990	54 934 466	60 254 579	239 106 190	25
MINUSTAH	4 356 125	2 251 147	52 406 976	59 014 248	391 736 008	15
ONUB	2 987 586	2 697 762	56 257 067	61 942 415	215 660 117	29
UNLB	265 166	43 000	8 406 896	8 715 062	10 714 932	81
UNLB — strategic deployment stocks	—	—	18 265 788	18 265 788	18 265 788	100
Total	**37 432 021**	**211 562 815**	**474 209 962**	**723 204 798**	**2 679 313 004**	**27**

[a] Excluding UNMIS, which was established in March 2005.

114. The Administration informed the Board that the importance of realistic procurement plans based on the foreseeable requirements would be stressed to all peacekeeping missions.

115. **The Board reiterates its previous recommendation that the Department of Peacekeeping Operations enforce the use of a procurement plan as a tool to facilitate effective and efficient procurement management.**

Procurement training

116. The Board followed up on its previous recommendation[13] that the training needs of procurement officers should be identified and communicated to Headquarters.

117. The Board reviewed the level of procurement training provided during 2004/05 and made the following observations:

(a) Training needs of procurement staff had not been formally identified at MINURSO, MONUC, UNAMSIL, UNIFIL, UNMIL and UNOMIG;

(b) No formal training had been carried out at MONUC, UNAMSIL and UNMIL because no funds were budgeted for procurement training. The only training attended was an advanced workshop conducted during April 2005 by Procurement Service at Headquarters, and the workshop was funded out of the Headquarters budget;

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[13] Ibid., para. 258.

(c) Eleven of the 15 staff members of the UNMIK procurement unit had had no procurement training between 2002 and August 2005, although needs had been identified;

(d) The procurement training budgets did not always include the training needs of requisitioners involved in the procurement process;

(e) The effectiveness of procurement training had not been evaluated at MINURSO, UNLB, UNMIL and UNOMIG.

118. **The Board reiterates its recommendation that the Administration formally identify the training needs of procurement officers at all peacekeeping missions and communicate those needs to Headquarters.**

119. The Department of Peacekeeping Operations informed the Board that its new integrated training service, which had developed various plans to provide mission procurement staff with training in line with global goals, would work with the Procurement Service to meet the procurement training needs of mission staff. The Procurement Service had also been working with the Inter-Agency Procurement Working Group to implement the common procurement training programme as expeditiously as possible. In the meantime, the Procurement Service would work with the respective missions to address their training needs, utilizing training resources that had already been developed.

120. The Board noted that the Inter-Agency Procurement Working Group had launched a common procurement certification scheme on 1 January 2005. It was aimed at training pre-selected United Nations procurement specialists from the various agencies as trainers of the candidates for the certification programme. The goal was to establish a network of 40 United Nations procurement trainers responsible for the sustainable delivery of in-house training. The candidates included four procurement professionals from ONUB, UNOCI, UNDOF and UNIFIL and eight procurement professionals from Headquarters. The process was planned to take place during October 2005 at Headquarters and then was rolled forward during December 2005.

Implementation of guidelines on ethical principles and supplier code of conduct

121. The Board followed up on its previous recommendation[14] on the implementation of guidelines on ethical principles for procurement staff. The Procurement Service informed the Board that the code was planned to be promulgated at the end of 2005.

122. The code was expected to provide for declaration of independence forms, which had not been signed by staff members involved in procurement functions since there were no formal requirements in this regard.

123. Contrary to the Procurement Manual (section 4.1.2), there was no documented oath of office or pledge of commitment in 4 of 11 sampled files of UNMIK

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[14] Ibid., para. 251.

procurement staff, and none at UNMEE. The Department of Peacekeeping Operations agreed that the oath of office form, which is mandatory for all United Nations staff members, should be signed prior to commencement of an appointment, and that personnel sections should ensure strict compliance with this requirement and place copies of the signed forms in the respective personnel files.

124. In general, procurement officers were aware of United Nations staff ethics and professional responsibility, but the planned plain-language illustrative guide for the implementation of essential ethical principles for United Nations staff involved in the acquisition and procurement process was still not available.

125. The Board followed up on the implementation of the United Nations supplier code of conduct and noted that the Administration had engaged a consultant to develop the guidelines for implementation that complement it. The draft guidelines were received on 30 September 2005 from the consultant and were under review by the Global Compact Office as well as the Procurement Service. The United Nations supplier code of conduct was also to be enacted by the end of 2005.

Ex post facto approvals

126. Ex post facto cases submitted to the Headquarters Committee on Contracts for recommendation and consideration by the Controller more than tripled, from 30 cases in 2003 to 97 cases in 2004. Under the delegation of procurement authority for peacekeeping missions, transactions that are estimated by the administrative heads of missions or by his or her authorized delegate to exceed $200,000 shall be submitted to the Procurement Service at Headquarters for review. The Service then determines whether procurement action should be taken at Headquarters or locally. Administrative heads of missions are allowed to make ex post facto procurement awards and ex post facto presentations to the Procurement Service only in rare cases of exigency.

127. According to the United Nations Procurement Manual, section 9.5.2 (1), exigency is defined as "an exceptional compelling and emergent need, not resulting from poor planning or management or from concerns over the availability of funds, that will lead to serious damage, loss or injury to property or persons if not addressed immediately".

128. The minutes of meetings of the Headquarters Committee on Contracts indicate contracts that were signed by MONUC in excess of the delegated procurement authority without the necessary presentation having been made to the Procurement Service at Headquarters, as illustrated in table II.11.

Table II.11

Contracts approved ex post facto

Contract No	*Effective date*	*Expiry*	*Amount*[a]	*Headquarters Committee on Contracts recommendation*	*Director of Administration approval*	*Signed by contractor*
CON/MON 04-100	1 January 2005	31 December 2005	1 260 000	15 February 2005	16 December 2004	16 December 2004
CON/MON 04-101	2 January 2005	31 December 2006	600 000	16 February 2005	22 December 2004	5 January 2005
CON/MON 04-102	3 January 2005	1 January 2007	480 000	17 February 2005	18 December 2004	18 December 2004

[a] United States dollars

129. The Procurement Service informed the Board that cases that do not meet the definition of exigency may have to be reviewed by the Headquarters Committee on Contracts. Specific circumstances must also be taken into account and cases do occur where it is in the best interest of the Organization to approve the contract.

130. Nevertheless, the Controller issued a memorandum in September 2005 to all heads of departments and administrative heads of peacekeeping missions explaining that ex post facto cases were increasing at a disturbing rate and that the vast majority of ex post facto cases over the past few years could be attributed to inadequate planning and avoidable administrative delays. The Controller indicated that ex post facto cases exposed the Organization to the risk of claims by vendors owing to a lack of adequate contractual arrangements as well as to justifiable criticism from Member States and oversight bodies of deficiencies in acquisition planning and internal controls.

131. **The Board recommends that the Administration closely monitor ex post facto submissions and address the underlying causes of those submissions that do not meet the definition of exigency.**

132. The minutes of meetings of the Headquarters Committee on Contracts indicate that ex post facto presentations were made to the Procurement Service relating to the extension of existing lease contracts that did not meet the definition of exigency as defined by the Financial Regulations and Rules. Although the expiration date was known by peacekeeping missions, no approval was sought from the Procurement Service prior to entering into agreements with lessors to negotiate renewals.

133. The Department of Peacekeeping Operations informed the Board that most ex post facto cases arose during the start-up phase of missions to address immediate operational requirements. Furthermore, systems contracts established and managed at Headquarters were renewed in a timely manner to assist the missions in procuring their requirements.

134. **The Department of Peacekeeping Operations agreed with the Board's recommendation that the Administration ensure, through sufficient processes and controls, the timely review of contracts nearing expiry and renewal in order to prevent the submission of ex post facto cases.**

Lead times for contract approval

135. The Procurement Service received 178 cases from peacekeeping missions during the financial period ended 30 June 2005 to be submitted to the Headquarters Committee on Contracts for recommendation. Sampled lead times ranged from 7 to 461 days between the date of submission and the date of approval by the Headquarters Committee on Contracts. The average lead time for 35 cases included in the audit sample was 125 days. The average lead time from the date the submission was received by the Procurement Service and the date on which it was forwarded to the Headquarters Committee on Contracts was 55 days.

136. The Procurement Service informed the Board that it was dependent on the quality of information provided by the missions and that it clarified all questionable matters prior to submitting the case to the Headquarters Committee on Contracts, which may result in delays.

137. **The Board recommends that the Administration shorten the contract-letting process between the date of submission of cases to Headquarters and the date of the final recommendation of the Headquarters Committee on Contracts.**

14. Air operations

Summary of conclusions on air operations

138. Air operations in peacekeeping missions significantly increased compared with the previous period as a result of the increased operations at MINUSTAH, MONUC, UNMIL and UNOCI, as well as the start-up of UNMIS. The Board noted the following:

(a) Aircraft at UNMIL were not utilized efficiently in terms of passenger and cargo loads per flight (paras. 141-145);

(b) The 90,973 actual total flight hours utilized were 42,323 hours (32 per cent) less than the 133,296 hours budgeted (para. 140);

(c) Only 43 per cent of air carriers awarded contracts during the 2004/05 period were subjected to on-site aviation quality inspection, as required by the aviation quality assurance programme (paras. 148-152);

(d) Two air carrier vendors, who were awarded seven contracts, went bankrupt during the 2004/05 period (paras. 153-157);

(e) Based on the International Civil Aviation Organization's benchmarks, aviation support staff was inadequate to manage the increased air fleet (paras. 158-159);

(f) On-the-job training completion forms were not submitted in a timely manner by all missions (paras. 160-164);

(g) Initial inspection and quarterly performance evaluation reports were not conducted in all cases at UNMIS (paras. 169-172);

(h) Only five missions were subjected to an aviation assessment during the 2004/05 period (para. 176);

(i) Installation of the aircraft tracking system at MONUC had been delayed as the Department of Peacekeeping Operations was considering the establishment of a centralized aircraft tracking system (paras. 177-179);

(j) MONUC did not perform a cost-benefit analysis to fully justify the need for executive jets in their reassessment of aircraft fleet requirements (paras. 185-194).

Analysis of air operations

139. The Department of Peacekeeping Operations had a fleet of 188 aircraft during the 2004/05 financial period, consisting of 135 rotary-wing and 53 fixed-wing aircraft. On a total air transportation budget of $459.5 million, actual expenditures amounted to $371.2 million, or $88.3 million (19.2 per cent) less than the amount budgeted.

140. Table II.12 provides a breakdown per mission of funds and flight hours budgeted in comparison to actual usage. The 90,973 total flight hours utilized were 42,323 hours (32 per cent) less than the 133,296 hours budgeted.

Table II.12
Air operations

A. Expenditures and flight hours[a]

		MINURSO	*MINUSTAH*	*MONUC*	*ONUB*	*UNOCI*	*UNAMSIL*	*UNFICYP*	*UNIFIL*	*UNMEE*	*UNMIK*	*UNMIL*	*UNMIS*	*UNMISET UNOTIL*	*UNOMIG*	*Total*
Mission aviation budget (thousands of United States dollars)	Appropriation	7 253.5	20 112.9	194 901.7	13 730.4	30 683.7	49 866.2	1 497.9	1 521.6	21 402.9	1 904.6	74 228.1	29 605.6	10 209.1	2 588.8	459 506.6
	Expenditure	9 666.1	17 088.9	163 153.5	7 785.0	22 599.4	35 340.5	1 457.6	1 635.6	18 715.7	1 502.5	54 689.9	25 459.9	9 334.2	2 801.3	371 229.7
	Variance	**-2 412.6**	**3 024.0**	**31 748.2**	**5 945.4**	**8 084.3**	**14 525.7**	**40.3**	**-114.0**	**2 687.2**	**402.1**	**19 538.2**	**4 145.7**	**874.9**	**-212.5**	**88 276.9**
	Percentage variance	**-33.26**	**15.04**	**16.29**	**43.30**	**26.35**	**29.13**	**2.69**	**-7.49**	**12.56**	**21.11**	**26.32**	**14.00**	**8.57**	**-8.21**	**19.21**
Flight hours (of contract)	Budgeted	3 780	7 013	45 840	3 840	8 767	9 544	1 188	720	6 612	720	17 620	3 380	2 262	1 380	112 666
	Actual	4 260	4 903	27 324	1 431	4 288	8 643	1 181	751	5 881	465	14 355	2 010	2 245	1 068	78 805
	Variance	**480**	**-2 110**	**-18 516**	**-2 409**	**-4 479**	**-901**	**-7**	**31**	**-731**	**-255**	**-3 265**	**-1 370**	**-17**	**-312**	**-33 861**
	Percentage variance	**12.70**	**-30.09**	**-40.39**	**-62.73**	**-51.09**	**-9.44**	**-0.59**	**4.31**	**-11.06**	**-35.42**	**-18.53**	**-40.53**	**-0.75**	**-22.61**	**-30.05**
Extra flight hours	Budgeted	2 040	960	5 100	–	1 250	2 160	–	–	4 080	180	2 680		1 800	380	20 630
	Actual	158	39	7 140	–	226	966	–	–	284	18	1 348	505	1 368	116	12 168
	Variance	**-1 882**	**-921**	**2 040**	–	**-1 024**	**-1 194**	–	–	**-3 796**	**-162**	**-1 332**	**505**	**-432**	**-264**	**-8 462**
	Percentage variance	**-92.25**	**-95.94**	**40.00**	a	**-81.92**	**-55.28**	a	a	**-93.04**	**-90.00**	**-49.70**		**-24.00**	**-69.47**	**-41.02**
Total flight hours	Budgeted	5 820	7 973	50 940	3 840	10 017	11 704	1 188	720	10 692	900	20 300	3 380	4 062	1 760	133 296
	Actual	4 418	4 942	34 464	1 431	4 514	9 609	1 181	751	6 165	483	15 703	2 515	3 613	1 184	90 973
	Variance	**-1 402**	**-3 031**	**-16 476**	**-2 409**	**-5 503**	**-2 095**	**-7**	**31**	**-4 527**	**-417**	**-4 597**	**-865**	**-449**	**-576**	**-42 323**
	Percentage variance	**-24.09**	**-38.02**	**-32.34**	**-62.73**	**-54.94**	**-17.90**	**-0.59**	**4.31**	**-42.34**	**-46.33**	**-22.65**	**-25.59**	**-11.05**	**-32.73**	**-31.75**

Source: Data confirmed by the Department of Peacekeeping Operations and in the performance reports of the missions.

[a] Not applicable.

B. Cost of flight hours

(United States dollars)

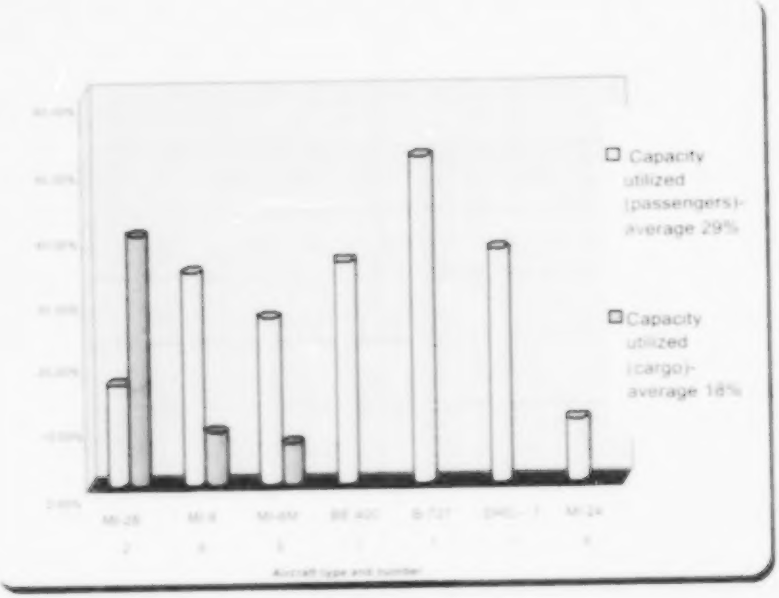
		MINURSO	*MINUSTAH*	*MONUC*	*ONUB*	*UNOCI*	*UNAMSIL*	*UNFICYP*	*UNIFIL*	*UNMEE*	*UNMIK*	*UNMIL*	*UNMIS*	*UNMISET-UNOTIL*	*UNOMIG*	*Total*
Cost of flight hours	Budgeted	4 352 760	15 984 384	96 711 344	11 710 000	21 036 009	20 328 880	1 269 972	1 139 760	14 308 093	1 239 000	50 236 428	15 336 997	7 359 566	1 418 880	262 432 173
	Actual	6 910 490	13 132 574	89 087 483	4 183 299	17 946 868	27 324 903	1 261 222	1 188 833	14 565 468	1 293 850	40 441 920	12 361 789	7 618 134	1 706 396	239 023 429
	Variance	**2 557 730**	**-2 851 810**	**-7 623 861**	**-7 526 701**	**-3 089 141**	**6 996 023**	**-8 750**	**49 073**	**257 375**	**54 850**	**-9 794 508**	**-2 975 208**	**258 568**	**287 516**	**-23 408 744**
	Percentage variance	**58.76**	**-17.84**	**-7.88**	**-64.28**	**-14.69**	**34.41**	**-0.69**	**4.31**	**1.80**	**4.43**	**-19.50**	**-19.40**	**3.51**	**20.26**	**-8.92**
Cost of extra flight hours	Budgeted	570 000	672 240	11 282 648		2 115 811	2 179 620	—	—	756 000	40 500	6 463 200		634 200	16 400	24 730 619
	Actual	145 041	26 013	3 080 479		343 616	114 697		—	56 750	9 089	1 678 235	193 820	280 417	12 468	5 940 625
	Variance	**-424 959**	**-646 227**	**-8 202 169**	—	**-1 772 195**	**-2 064 923**	—	—	**-699 250**	**-31 411**	**-4 784 965**	**193 820**	**-353 783**	**-3 932**	**-18 789 994**
	Percentage variance	**-74.55**	**-96.13**	**-72.70**	[a]	**-83.76**	**-94.74**	[a]	[a]	**-92.49**	**-77.56**	**-74.03**	—	**-55.78**	**-23.98**	**-75.98**
Total flight-hour cost	Budgeted	4 922 760	16 656 624	107 993 992	11 710 000	23 151 820	22 508 500	1 269 972	1 139 760	15 064 093	1 279 500	56 699 628	15 336 997	7 993 766	1 435 280	287 162 792
	Actual	7 055 531	13 158 587	92 167 962	4 183 299	18 290 484	27 439 600	1 261 222	1 188 833	14 622 218	1 302 939	42 120 155	12 555 609	7 898 751	1 718 864	244 964 054
	Variance	**2 132 771**	**-3 498 037**	**-15 826 030**	**-7 526 701**	**-4 861 336**	**4 931 100**	**-8 750**	**49 073**	**-441 875**	**23 439**	**-14 579 473**	**-2 781 388**	**-95 015**	**283 584**	**-42 198 738**
	Percentage variance	**43.32**	**-21.00**	**-14.65**	**-64.28**	**-21.00**	**21.91**	**-0.69**	**4.31**	**-2.93**	**1.83**	**-25.71**	**-18.14**	**-1.19**	**19.76**	**-14.70**

Note: Data confirmed by the Department of Peacekeeping Operations.

[a] Not applicable.

141. At UNMIL, none of the 25 aircraft was sufficiently utilized. The average passenger load per flight was calculated at 29 per cent and the average cargo load carried per flight was 18 per cent for the financial period under review. Figure II.6 illustrates the average utilization of aircraft capacity per flight for both passengers and cargo, where applicable.

Figure II.6
Capacity utilization of air assets by UNMIL



142. The Department of Peacekeeping Operations informed the Board that it had applied more rigorous review and regular monitoring of its aviation budgets. In August 2005, it had issued comprehensive aviation budget guidelines and a template to guide the preparation of the aviation budgets. In addition, the missions were instructed to base all future flight hour projections on the most recent actual usage of the aircraft.

143. The Department of Peacekeeping Operations further informed the Board that it did not justify the need for an aircraft on the basis of cargo or passenger load, a metric used in the commercial aviation sector, but on other criteria. It was a standard practice in peacekeeping operations for an aircraft to be dispatched with one or more people to a destination (military or police team sites, regional headquarters) depending on the nature of the tasks. These could range from medical evacuation to repair of information and communication technology equipment. Also, military patrols were conducted on the basis of need, not number of passengers.

144. **The Board reiterates its recommendation that the Administration further narrow the gap between the budgeted and actual flight hours utilized by missions.**

145. The Department of Peacekeeping Operations informed the Board that it was constantly working to improve its aviation budgeting with a view to minimizing the gap between the budgeted and utilized flight hours. Because peacekeeping activities are fluid and filled with uncertainties, the best projections are subject to change.

146. The Board followed up on its previous recommendation[19] on the strengthening of internal systems for analysing aviation activities.

147. The Department of Peacekeeping Operations informed the Board that it had reinforced its data-collection regime and that the missions were providing timely data on aircraft usage, cost, fuel, cargo and passenger movement and contractor performance, as well as quality assurance reports, utilization reports for vendor qualification and reviews of mission budgets. Further funding would be sought for the establishment of an integrated platform for data management.

Vendor registration

148. The vendor registration process began with the evaluation of potential vendors, including technical and operational assessments by the Department of Peacekeeping Operations Air Transport Unit and a financial review by the Procurement Service, before information was entered into the database on air carriers. This database served primarily as a supplier master file and listed only vendors that were invited to bid for contracts.

149. The master file contained data on 230 air carriers; 124 of them were actively participating in the United Nations bidding process, and 62 contracts had been awarded to 23 of them for the 2004/05 financial year. The Air Transport Unit was in the process of re-evaluating all registered air carriers so that only active carriers meeting the requirements would be registered on the database.

150. Registered air carriers had been subjected to an operational and technical assessment, but only 10 of the 23 carriers that were awarded contracts for the 2004/05 financial year had been subjected to an on-site aviation quality inspection before being awarded a contract. Such on-site inspections are required under the Department of Peacekeeping Operations aviation quality assurance programme. The Department of Peacekeeping Operations recognized that, although the pre-qualification of prospective vendors was an important element of the programme, such inspections could not be conducted owing to a lack of resources. The Board is concerned about the Administration's failure to fully implement the pre-qualification of air carriers before contracting with them.

151. **The Board recommends that the Administration subject air carriers to an on-site review in a cost-effective manner before adjudicating contracts.**

152. The Department of Peacekeeping Operations informed the Board that a typical on-site vendor inspection took 7 to 10 days, including travel time, as most of the vendors and prospective vendors were based in Eastern Europe and Asia. To

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[19] Ibid., para. 101.

adequately address the large volume of requests for on-site reviews, three Professional staff members would have to be dedicated to this task.

153. The financial sustainability of the air carriers is assessed at the point of registration and when carriers change their name or tax identification number. However, major vendors were not regularly assessed as to whether they were "going concerns". Two air carriers went bankrupt during the financial year under review. The Procurement Service had not yet established the amount of the financial loss suffered by the Department of Peacekeeping Operations, but it may have had a negative impact on operations, as a total of seven contracts had been awarded to those two air carriers. Some of the contracts had been in effect since 2002.

154. **The Administration agreed with the Board's recommendation that regular assessments of the financial sustainability of all major vendors with multi-year contracts should be performed to prevent financial losses or operational inefficiencies.**

155. The Procurement Service informed the Board that it would develop guidelines for the assessment of vendors that have been awarded high-value multi-year contracts.

156. By December 2005 the Administration had yet to initiate loss recovery actions in respect of the two above-mentioned air carriers. The Procurement Service informed the Board that it had sought assistance from the General Legal Division and had been exploring with it the possibility of recovering the losses, with the assistance of the Department of Peacekeeping Operations and missions in identifying the loss.

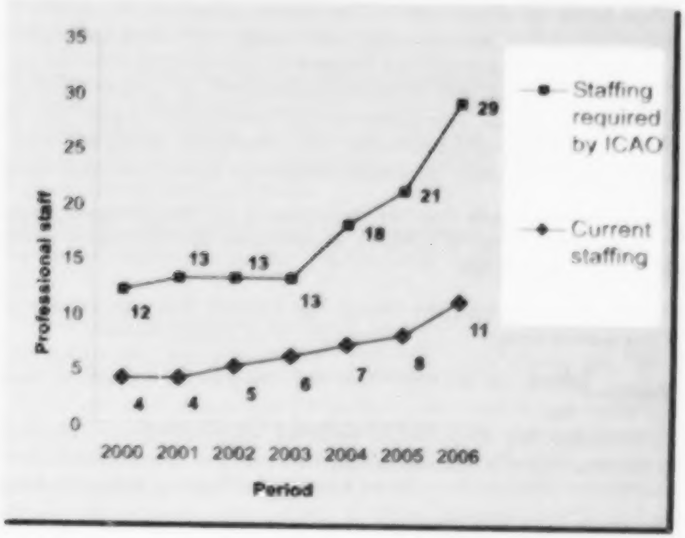
157. **The Board recommends that the Administration initiate actions to recover losses from the bankrupt aviation vendors as soon as possible.**

Aviation staffing

158. A review conducted in 2000 by ICAO based on a recommendation of the Office of Internal Oversight Services endorsed by the Secretary-General (see A/52/1010), had recommended an increase in aviation experts, indicating that 12 Professionals should be managing the 105 aircraft listed at that time, which would be a ratio of 1 Professional to 8.75 aircraft. For the financial year under review, a total of 8 Professionals managed a total fleet of 188 aircraft (ratio of 1:23.5). The Department of Peacekeeping Operations expected that the fleet would increase to 230 aircraft owing to activities at UNMIS, UNOCI and MONUC.

159. The Department of Peacekeeping Operations performed a review of the past six years as well as the current year to compare the current staffing structure to the staffing structure required by ICAO. Figure II.7 illustrates this comparison. The Department informed the Board that it had requested additional staffing resources in the 2006/07 support account budget.

Figure II.7
Aviation staffing at the Department of Peacekeeping Operations compared to International Civil Aviation Organization requirements



Aviation training

160. The Department of Peacekeeping Operations developed an action plan for the 2005/06 financial year to provide sufficient training to aviation staff. Table II.13 illustrates some of the courses offered and the number of staff members catered to.

Table II.13
Training courses

Title	*Number of staff*	*Intended audience*	*Duration*
Initial training	10	Newly recruited external aviation staff	10 days
Refresher training	5	Experienced aviation officers transferring within mission	5 days
On-the-job training	200	Mission Field Service and locally recruited aviation specialists	30 days
Specialized aviation training	42	Senior Aviation Officer, Headquarters and field missions	4-5 days
Department of Peacekeeping Operations annual aviation seminar	16	Chief Air Transport Unit, Chief Aviation Officers	5 days

161. The Aviation Manual, section III, chapter 12.4.5, requires on-the-job training forms to be submitted to the Air Transport Unit on a regular basis. All missions, except for UNAMSIL and UNIFIL, had submitted the required forms in a timely manner.

162. The Department of Peacekeeping Operations informed the Board that all missions had a designated focal point for monitoring, recording and reporting on training activities. The Department had prepared a standardized form for reporting those training activities and had developed a database for proper monitoring of aviation training programmes. This database was rolled out in August 2005 and was being populated with training programmes. The web-based database would ensure that missions completed on-the-job training completion forms in a timely manner.

163. **The Board recommends that the Department of Peacekeeping Operations hold the training focal point of UNIFIL accountable for the timely submission of the required training forms.**

164. The Department informed the Board that UNIFIL had appointed a training focal point and was up to date in the submission of its training reports.

Costing structures

165. The Department had previously concluded all air carrier contracts on the block-hour system, whereby the United Nations paid for a guaranteed number of hours irrespective of whether those hours had been utilized. It had also changed the costing structure of new contracts to one in which a basic monthly fee was paid plus a fee for every hour flown.

166. All 62 new contracts entered into during the 2004/05 financial year conformed to the new costing structure.

167. The Administration did not perform an evaluation of the new contracts to determine the effects and benefits, if any, of the new costing structure as compared with the previous one.

168. **The Board recommends that the Administration determine whether the change of air operations contracts to the new costing structure has resulted in savings.**

Aviation performance reports

169. The Board followed up on its previous recommendation[16] that guidance should be provided to missions to ensure specificity and consistency in the ratings of contractor performance as well as to clearly indicate areas for improvement in performance where appropriate or necessary. The Department of Peacekeeping Operations had provided guidance on the rating system to ensure consistency of ratings across all missions.

170. At UNMIS, a newly established mission, only 3 initial inspection reports and 4 quarterly performance reports were compiled, instead of the expected 21 initial inspection reports and 17 performance evaluation reports.

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[16] Ibid., para. 137.

171. **The Department agreed with the Board's recommendation that it implement measures to ensure that the technical compliance and inspection/performance evaluations are performed at all missions to ensure the carriers' compliance with aviation and safety requirements.**

172. The Department informed the Board that the delay noted at UNMIS had occurred during the start-up phase of the Mission and had since been corrected.

173. A database of all aviation inspection/performance reports in respect of all air carriers from all peacekeeping missions was not maintained at the Air Transport Unit at Headquarters. Therefore, the Board could not establish the extent to which reports were being received. It would also be difficult for the Unit to monitor and follow up on the outstanding reports.

174. **The Board recommends that the Department maintain a database of all aviation inspection/performance reports and follow up on any outstanding reports.**

175. The Department informed the Board that while it recognized the importance of technical compliance and performance evaluation inspections, the lack of staffing resources in the Air Transport Unit had impeded its ability to conduct those inspections, maintain a database of performance reports and perform follow-up activities. Additional resources had been requested in the context of the 2006/07 support account budget, and the full implementation of the recommendation was dependent on their approval.

Mission aviation assessment

176. The Board followed up on its previous recommendation[17] that aviation assessments should be performed on a more regular basis in accordance with a risk assessment. During the 2004/05 financial year, only five missions were subjected to an aviation assessment, namely, MONUC, ONUB, UNAMSIL, UNDOF, UNMIS and UNOCI. The Department of Peacekeeping Operations informed the Board that assessments could not be completed at all the missions owing to a lack of human resources in the Air Transport Unit.

Tracking systems

177. The Board followed up on its previous recommendation[18] that the implementation of the aircraft tracking system at MONUC should be expedited and that the feasibility of implementing the system at other missions should be assessed. The Department informed the Board that the MONUC communications department took approximately one year to assess the compatibility of the system with the communications system. But because of the high start-up and operating costs of a tracking system, the Department was also considering establishing a centralized aircraft tracking system, preferably at UNLB, to monitor the global fleet. The Department believed that this would be a cost-effective and operationally efficient mechanism for tracking its aircraft. As a result of this review, work on the installation of the aircraft tracking system at MONUC had been delayed.

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[17] Ibid., para. 144.

[18] Ibid., para. 149.

178. **The Department of Peacekeeping Operations agreed with the Board's recommendation that it expedite the aircraft tracking system feasibility assessment and implement the tracking system at all missions.**

179. The Department informed the Board that it had requested resources in the UNLB budget for 2006/07 to facilitate the establishment of an air tracking facility to monitor its global fleet of aircraft.

Liaison aircraft

180. The Department operated 12 different liaison aircraft during 2004/05, including executive jets. These included liaison aircraft that were changed during the period because the contractors went bankrupt, as indicated above. Those aircraft were primarily used for specific tasks. Data on flights undertaken were periodically submitted by the missions to Headquarters and were entered into a database to maintain aircraft statistics. The usage of the 12 aircraft was reviewed (see table II.14).

Table II.14
Analysis of usage of 12 liaison aircraft

Flight purpose	*Total flights*	*Percentage*
Logistics	966	40
Liaison	559	23
Other tasks	474	20
Out-of-mission support	232	10
Casualty and medical evacuation	114	5
Patrol observation	41	2
Total	**2 386**	**100**

181. Besides the specific tasks that the aircraft were used for, a category relating to "other tasks" represented 20 per cent of the total usage of these aircraft. The Board could not obtain information on what "other tasks" consisted of. Seven of the twelve aircraft had a high percentage of flights allocated to "other tasks" (see table II.15).

Table II.15
Aircraft with high utilization for "other tasks"
(Percentage)

UNO 852 — MONUC	49
UNO 049 — UNMIK	44
UNO 803 — MONUC	35
UNO 853 — MONUC	27
UNO 801 — MONUC	27
UNO 890 — MONUC	22
UNO 501 — UNMIS	21

182. *The Department of Peacekeeping Operations informed the Board that the* mandates of several missions included a wide range of activities, including in the areas of disarmament, demobilization and reintegration, humanitarian assistance, elections and other civic activities. To effectively address those challenges, missions were compelled to provide air transport support to local interlocutors and international counterparts. Field missions were located in vast countries with poor surface transport infrastructure, making air transport the only means of effectively travelling to various parts of the country. Such flights were one of the important means by which the missions could effectively undertake their mandate. The Department further informed the Board that it had employed a rigorous policy for the authorization of flights designated for "other tasks". These were unscheduled flights for important stakeholders in the peace process and they were requested by or approved by the senior leadership of the mission. The air-tasking order form required a detailed narrative on the justification of travel, which was reviewed prior to authorization.

183. **The Board recommends that the Department replace the "other tasks" flight category with a description of the specific nature of such flights in order to facilitate proper monitoring and decision-making.**

184. The Department informed the Board that it would explore ways to further refine the "other tasks" flight category.

185. The Board followed up on its previous recommendation[19] that MONUC and UNMEE document a cost-benefit analysis to contribute to the justification of the need for executive jets in their reassessment of aircraft fleet requirements. The Department performed a cost-benefit analysis at UNMEE and withdrew the executive jet on termination of the contract in February 2005.

186. The Department indicated that MONUC had had a significant increase in personnel and as a result the number of medical evacuations had also surged. The two executive jets at MONUC had conducted 27 medical evacuations during the 2004/05 financial year, in some cases simultaneously.

187. The Department further stated that the Special Representative of the Secretary-General and other senior staff were required to maintain critical ties with various parties to achieve the Mission's mandate. The parties were mainly in neighbouring countries, and the distances between Kinshasa and the eastern part of the African continent is significant. This justified the utilization of this type of aircraft, particularly when there were no direct commercial flights between the national capitals. Also, since the Democratic Republic of the Congo is such a large country, travelling from one region to another and back could take a day or two, depending on the aircraft used and the region visited. The Department was of the view that those high-speed aircraft provided the Special Representative of the Secretary-General and his team with the ability to travel quickly, given the demand on his time.

188. The Board analysed statistics on the flights undertaken by the two jets and noted that the 27 medical evacuations represented only 19 per cent of total flights. While one aircraft was significantly underutilized, the other was utilized more than expected. Aircraft No. UNO-852 had flown 118.25 hours compared to its expected

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[19] Ibid., para. 119.

636 hours (18.59 per cent), and No. UNO-853 had flown 372 hours compared to its expected 230.9 hours (161.11 per cent). The total actual cost for the two aircraft amounted to $1,465,486 compared to the expected cost of $919,676 for the period under review.

189. Aircraft No. UNO-852 had a large reduction in overall usage, 61 flights in 2004/05 compared to 112 flights in 2003/04. Medical evacuations and liaison trips decreased dramatically, and flights recorded as "other tasks" comprised 49 per cent of the total flights undertaken during the period (see table II.16).

Table II.16
Usage of aircraft No. UNO 852 — MONUC

	2003/04		2004/05	
	Flights	*Percentage*	*Flights*	*Percentage*
Casualty and medical evacuation	22	20	4	7
Liaison	37	33	—	—
Patrol/observation	—	—	5	8
Logistics	42	37	19	31
Out-of-mission support	11	10	3	5
Other tasks	—	—	30	49
Total	112	**100**	**61**	**100**

190. Aircraft No. UNO-853 had an increase in overall usage, with 178 flights in 2004/05 compared with 132 flights in 2003/04. The number of trips undertaken in respect of medical evacuations and liaison trips decreased from the previous year and flights recorded as "other tasks" comprised 27 per cent of the total flights undertaken for the period (see table II.17).

Table II.17
Usage of aircraft No. UNO 853 — MONUC

	2003/04		2004/05	
	Flights	*Percentage*	*Flights*	*Percentage*
Casualty and medical evacuation	22	17	23	13
Liaison	38	29	—	—
Patrol/observation	—	—	12	7
Logistics	47	35	76	43
Out-of-mission support	20	15	18	10
Other tasks	5	4	49	27
Total	132	**100**	**178**	**100**

191. The Department of Peacekeeping Operations informed the Board that ONUB, which did not have a high-speed aircraft, shared MONUC aircraft on a cost-reimbursement basis.

192. The Department of Peacekeeping Operations was firmly of the opinion that the benefits, tangible and intangible, that accrued to the missions (MONUC and ONUB) from these two aircraft outweighed the cost. The Board is, however, unable to satisfy itself of the merit of the Department's justification in the absence of a documented cost-benefit analysis that the Board had previously recommended.

193. **The Board reiterates its previous recommendation that MONUC should undertake and document a cost-benefit analysis to contribute to the justification of the need for executive jets.**

194. The Department informed the Board that it had instructed MONUC to conduct a cost-benefit analysis to justify the need for the high-speed liaison aircraft.

Air operations security

195. At the time of the audit, a large Ivorian army ammunition warehouse was located in the same block as the United Nations hangar at the Abidjan airport, separated from aircraft and personnel by just a wall. This situation did not ensure the highest level of air safety. A major incident involving ammunition, aircraft movement or fuel replenishment would have dramatic human consequences, including in the civilian part of the airport.

196. **The Board recommends that the Department immediately make arrangements with the host Government of UNOCI for the safety of United Nations personnel, local civilians and United Nations assets at the Abidjan airport.**

197. Following the Board's audit, the Department informed the Government of Côte d'Ivoire of the presence of ammunition and other hazardous materials in the hangar assigned to UNOCI. The Government took corrective action and removed the ammunition. For additional security of the aviation assets and personnel, UNOCI deployed a platoon from the Ghanaian contingent to the hangar.

15. Vehicle fleet management

Overview

198. Vehicle fleet management involves measures instituted by management to ensure, inter alia, that the vehicle fleet: (a) is acquired, utilized, maintained, replaced and disposed of economically and efficiently; and (b) plays an effective role in rendering services.

199. Peacekeeping operations accounted for a total fleet of approximately 11,963 vehicles valued at $380.5 million as at 30 June 2005, overseen by the Surface Transport Unit.

Vehicle utilization

200. The Surface Transport Management Procedures for the Field (provisional) 2004, section 10, stipulates that asset management units should ensure that vehicles are rotated periodically to obtain maximum utility. However, this was not done systematically by the missions.

201. At UNMIL, for example, vehicles in the same category travelled significantly different distances. For general-purpose four-wheel-drive vehicles, the distance

travelled per annum ranged from less than 10,000 km to more than 50,000 km, and similar extremes were also noted with the utility four-wheel-drive vehicles, where the distance ranged from less than 5,000 km to over 30,000 km per annum. The usage patterns would result in the accelerated ageing of a portion of the vehicle fleet, resulting in an imbalance in the fleet.

202. At UNMIK, the average mileage of the cars assigned to the Office of the Special Representative of the Secretary-General and the Department of Justice was sometimes very low, for example, a monthly average of 37 km, 90 km, 109 km and 183 km respectively for four cars. This would result in a higher cost per kilometre when amortization is taken into account. The Department did not concur with the conclusion that the vehicles assigned to the Special Representative should be rotated because of low mileage, owing to impracticality. However, the Board is of the view that the effective use of vehicles averaging low mileage should be reviewed by the Mission.

203. The uneven utilization of vehicles could be attributed to the fact that a mission rotation plan was not in place. An analysis of the vehicles written off in 2004/05 revealed that vehicles that had not reached their maximum mileage or age in accordance with the guidelines were written off owing to the impact of non-rotation. The guidelines indicate that vehicles should be written off according to the following criteria:

(a) At 6-7 years of age and 140,000-180,000 km in normal conditions;

(b) At 4-5 years of age and 100,000-140,000 km in severe conditions.

204. A total of 206 four-wheel-drive vehicles were written off during the period under review as a result of normal wear and tear upon reaching an average of 130,000 km. Of those 206 vehicles, 79 were written off prior to reaching the suggested 100,000 km (minimum benchmark under severe conditions) owing to their age in years, as per the guideline. They averaged 77,667 km, and it therefore appeared as if the vehicles had been underutilized during their lifespan.

205. The Department informed the Board that the 79 vehicles belonged mostly to MINURSO and UNMEE, which are located in areas where the operating terrain is harsh and difficult. Despite extensive operational guidelines and maintenance, some of the vehicles were unable to meet the mileage or age requirements. The factors that could trigger the write-off of vehicles include severe mechanical conditions, age and mileage. Therefore it is usual for vehicles to be written off because of poor mechanical conditions as a result of accident or accelerated wear and tear, even though the vehicle has low mileage and/or a short usage period. Mileage was not the sole determining factor, as vehicles with high mileage could still be in good mechanical condition. The Surface Transport Manual provides a framework on the rotation of vehicles, which missions could adapt to their own circumstances.

206. On the other hand, 26 vehicles had travelled an average distance of 238,000 km, which could have affected the cost of their maintenance.

207. **The Board recommends that the Department reinforce the implementation of the rotation policy at peacekeeping missions where vehicles within the same categories are rotated to optimize efficiency and utility.**

208. The UNMEE fleet was on average above the predetermined norms, particularly regarding force headquarters staff (see table II.18). UNMEE agreed to align its car fleet according to the applicable ratios.

Table II.18
Staff-to-vehicle ratios, UNMEE (2004/05)

	Staff posts	*Vehicles*	*UNMEE ratio*	*Standard ratio*
Representational	8	8	1.0	1.0
Other civilians	222	109	2.0	2.5
United Nations Volunteers	74	18	4.1	4.5
Military observers	220	105	2.1	2.5
Force headquarters staff	87	28	3.1	4.5

209. For military observation purposes, UNMEE had, in addition to standard commercial four-wheel-drive vehicles, 56 armoured cars as its scout car fleet, valued at $5.4 million. Owing to the rugged driving conditions, this scout car fleet suffered from product weaknesses, impairing its operational availability. The rate of use was poor. At least 14 of them were inactive, under repair or beyond repair.

210. **The Board recommends that the Department review the life expectancy and cost-effectiveness of its scout cars.**

211. The Department informed the Board that while the scout vehicles had proven effective in some missions, they had been found unsuitable to the terrain at UNMEE. Although the vehicles were highly specialized and intended for mine protection, the Department was gradually phasing them out and replacing them with military versions that were sturdier.

CarLog information

212. The Board analysed information such as age, usage and maintenance of the vehicle fleet. System-generated reports were extracted and tested for integrity, and there were significant discrepancies in information contained in these reports for UNMIL and UNOMIG.

213. This was due to errors in the system that was used to generate the reports. Information containing errors and discrepancies cannot be used as reliable management information and can lead to inadequate monitoring, control and usage of the vehicle fleet, resulting in inappropriate decisions.

214. **The Department agreed with the Board's recommendation to investigate the cause of the errors and discrepancies contained in the vehicle usage reports and to implement the measures necessary to rectify those errors.**

215. The Department informed the Board that the errors had been rectified. In addition, the Mission would provide the necessary training to staff of the Transport Section in order to prevent future occurrences of the problem.

CarLog implementation

216. The Board followed up on the progress made with the implementation of the CarLog system, used to manage fleets and operations, at all peacekeeping missions. Its findings are summarized in table II.19.

Table II.19
CarLog implementation

Mission	Status
UNMIK	Installed
MINURSO	Installed
UNDOF	Installed
UNFICYP	Installed
UNIFIL	Installed
UNLB	Installed
UNMIL	Installation in progress
UNMIS	Installation in progress
ONUB	Installation in progress
MINUSTAH	None as at August 2005
UNOCI	Installation in progress — 24 per cent by September 2005
UNMEE	General purpose: 100 per cent installed; heavy: 75 per cent installed
UNOMIG	None as at August 2005
MONUC	None as at August 2005
UNMISET/UNOTIL	No CarLog — mission closing
UNAMSIL	No CarLog — mission closing

217. In order to optimize the potential effectiveness and benefits of the system, the Department expected to issue guidelines to the missions and indicated that the missions would appoint a focal point. The Department informed the Board that as at October 2005, CarLog had either been installed or was in the process of being installed at all missions, including MONUC and UNOMIG.

218. **The Department agreed with the Board's recommendation that the implementation of CarLog, after the system's shortcomings have been adequately addressed, should be rolled out to all peacekeeping missions.**

Liberty mileage

219. Owing in part to the delay in implementing and monitoring CarLog, the Board noted deficiencies in the controls for prevention of the abuse of United Nations vehicles at the following missions: MINUSTAH, UNFICYP, UNMIK, UNMEE, UNMISET and UNOCI. These deficiencies included trip tickets not completed and certified; employees not always indicating private and official trips; and missions not always complying with directives issued by Headquarters.

220. **The Board recommends that the Department and the administrative heads of missions enforce the proper functioning of controls at all missions for prevention of the use of United Nations vehicles for private purposes.**

221. The Department informed the Board that it would remind missions to ensure full compliance with the Motor Transport Manual.

Speeding violations and accident costs

222. At UNMIL, between 1 January and 30 June 2005, staff members had exceeded the speed limit on 103 separate occasions without any action having been taken in that regard.

223. The Department developed a database reflecting accident statistics per user group. The database had been active from January 2005. Between January and April, a total of 1,987 accidents occurred, resulting in accident costs estimated at $773,414. The details of the accidents and costs at peacekeeping missions are illustrated in table II.20.

Table II.20
Accident statistics according to the Department of Peacekeeping Operations (January-April 2005)
(Costs in United States dollars)

	Vehicle User Group/Substantive Office						
	Administration	*Civilian police*	*Military observers*	*Political office unit*	*Contractors*	*United Nations-owned equipment operated by military*	*Total*
Accidents over $500	113	78	44	48	7	84	374
Accidents under $500	523	474	227	211	50	128	1 613
Total number of accidents	636	552	271	259	57	212	1 987
Total cost of accidents over $500	$148 326	$134 825	$75 889	$66 300	$2 916	$62 415	$490 671
Total cost of accidents under $500	$91 740	$76 842	$36 533	$40 966	$5 116	$31 545	$282 743
Total cost	$240 066	$211 667	$112 423	$107 266	$8 032	$93 960	$773 414
Number of vehicles per user group ([illegible])	4 804	1 967	1 107	1 146	288	1 817	11 130

	Vehicle User Group Subcategory [illegible]						
	Administration	Civilian police	Military observers	Contingent (Military)	Contractors	[illegible]	Total
Number of vehicles written off per user group	26		20	1		0	47
Average cost per accident	$177	$383	$415	$418	$142	$441	$389

224. The Department informed the Board that safety was of prime importance in the Transport Section. Safety was managed in accordance with guidelines from Headquarters and by specific programmes, including driver testing, road safety campaigns and monitoring and implementation of guidelines.

225. **The Board recommends that the Department take action to address speeding violations and accident rates and related costs.**

226. The Department further informed the Board that it had taken a number of initiatives to address speeding violations, including instituting a scrupulous drivers' licensing programme, implementing the CarLog system, promulgating safety guidelines and conducting safety awareness campaigns such as the annual safety week observed at all missions. Missions have adopted the guidelines to suit national regulations on permissible speed limits. Missions have also undertaken disciplinary action such as withdrawal of driving permits for frequent and/or egregious violations and requesting payment for damages resulting from negligent driving. The Department had also stressed the importance of safe driving during the annual conferences of Chief Administrative Officers and heads of missions and other transport seminars.

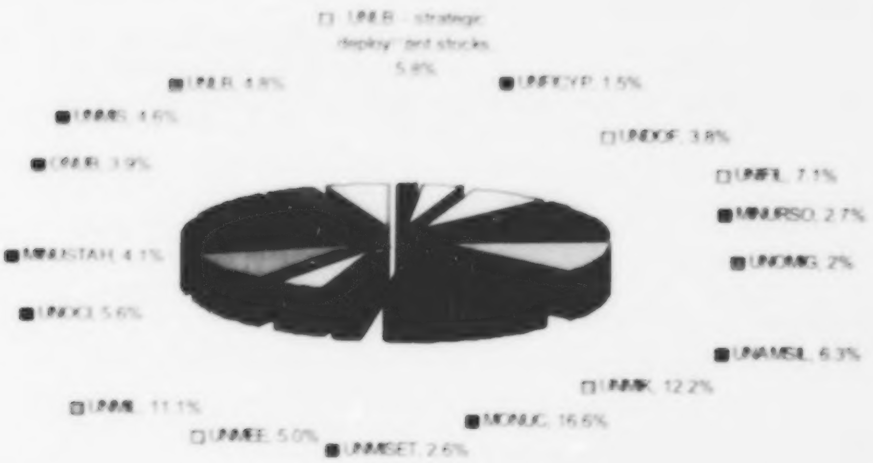
16. Asset management

Overview of movements of non-expendable equipment

227. The value of non-expendable equipment increased by 26.7 per cent, from $821.8 million at 30 June 2004 to $1.041 billion at 30 June 2005. Equipment acquisitions amounted to $329.4 million, while disposals and write-offs amounted to $105.3 million and $4.5 million respectively during the financial period under review.

228. The non-expendable equipment of the new missions accounted for approximately 29 per cent of the total non-expendable equipment balance: MINUSTAH, $42.5 million; ONUB, $40.5 million; UNMIL, $116.1 million; UNMIS, $48.1 million; and UNOCI, $57.9 million. The mission with the largest portion of non-expendable equipment was MONUC, which represented 16.6 per cent ($173.1 million) of the total. In addition, strategic deployment stocks of $60.8 million represented approximately 6 per cent of the aggregate non-expendable equipment balance as at 30 June 2005 (see fig. II.8).

Figure II.8
Non-expendable equipment per mission



Property written off or pending write-off

229. Approximately $43.7 million (based on original costs) of the $109.8 million in property disposals were in respect of property written off, sold or donated in respect of 15 missions and UNLB, compared to $57.0 million written off in the previous period. The $43.7 million included $4.5 million representing write-offs attributable to damage, theft, accidents and other losses.

230. Similarly, property pending write-off and disposal as at 30 June 2005 amounted to $39.3 million, compared to $35.6 million as at 30 June 2004. Approximately $22.1 million (56 per cent) of the $39.3 million was pending approval, while the balance of $17.2 million (44 per cent) had been approved but was pending disposal.

Custody and control of equipment

231. The Board recommended in its previous report[20] that the Administration continue its efforts to ensure the proper custody, control and disposal of non-expendable equipment as well as to rectify any deficiencies noted in that regard. To further improve its management, the Department of Peacekeeping Operations had issued policies to the missions on property write-off and disposal action, receiving and inspection of equipment, receiving inter-mission transfers in Galileo and items on loan to and from other entities.

232. The Board recognized the efforts made by the Department of Peacekeeping Operations. However, it had the following observations with regard to non-expendable equipment:

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[20] Ibid., para. 65.

(a) Differences were noted during the conversion of opening balances of non-expendable property from the field assets control system to the Galileo system at UNAMSIL ($1.034 million) and UNMEE ($3.063 million). The differences at UNAMSIL were subsequently corrected;

(b) A physical verification of all non-expendable property had not been completed as at 30 June 2005 by ONUB, UNMIS and UNOCI. ONUB indicated that a physical verification of all non-expendable property had been carried out, however the mission could not provide evidence of it;

(c) Discrepancies were noted between the physical verification of items and the information recorded on Galileo by UNMIL (2,410 items totalling $5.9 million) and UNMEE (2,899 items totalling $8.0 million). Less material discrepancies were noted at other missions;

(d) Delays were noted in the write-off and/or disposal process at MINUSTAH, UNDOF, UNFICYP and UNMIL;

(e) A local property survey board had not yet been established at UNMIS;

(f) Warehouses and storage facilities containing inventory items were found to be either improperly secured or not in good condition at ONUB, UNDOF, UNMIL, UNMIS, UNMISET and UNOCI;

(g) At UNMIL, various items were noted that had been procured and held in stock for long periods of time without being utilized;

(h) The sale of assets was not conducted in accordance with the Financial Regulations and Rules at UNMIL ($22,256). At UNOCI, no assets were disposed of, as the mission had failed to create a property disposal unit as required.

233. **The Board reiterates its recommendation that the Administration ensure the proper custody, control, recording and disposal of non-expendable equipment.**

234. The Department of Peacekeeping Operations informed the Board that the differences noted at UNMEE and UNMIL had been identified and corrected. Physical verification of non-expendable property is an ongoing, year-round activity. This ensures that all equipment is physically verified at least once a year. It was therefore normal that the verification would not coincide with the financial year end date of 30 June. ONUB and UNOCI have reported completion of the verification. UNMIS, which started operations in April 2005, could not complete it because of limited staff coupled with a massive inflow of equipment. Following the delegation of authority issued to UNMIS in December 2005, the Mission had established a local property survey board. Also, UNOCI had established an assets disposal unit in October 2005. Additional staffing for the unit had been proposed in the Mission's budget for the 2006/07 financial period.

235. The Department also informed the Board that it had developed series of policies and a property management manual in order to strengthen the custody and control of United Nations property. Furthermore, the Galileo software had been developed, and enhancements were in progress. The Department would work with missions to ensure that adequate measures were implemented to control and dispose of non-expendable equipment.

17. Strategic deployment stocks

Financial overview

236. Strategic deployment stocks (non-expendable equipment) were valued at approximately $60.8 million as at 30 June 2005, compared to $57.4 million in the previous financial period. A total amount of $24,295 was written off during the period ended 30 June 2005 and an amount of $68,310 was pending write-off and disposal (see table II.21).

Table II.21

Movements of strategic deployment stocks, 2004/05

(Thousands of United States dollars)

Opening balance	57 440
Purchases	71 933
Received from other missions	319
Transfers	(69 678)
Written off and sold	(24)
Adjustments	834
Closing balance	60 824

Recording of strategic deployment stocks

237. Accounting guidelines were implemented during 2004/05 to ensure the accurate recording of strategic deployment stock items shipped to missions as well as the accurate recording of the replenishment of those items. The recording is based on shipping documents as well as on the Galileo inventory system.

238. The Department of Peacekeeping Operations had developed an interim system tracking tool for monitoring the replenishment of strategic deployment stocks.[21] An upgraded version of this tool had been adopted and was expected to be fully implemented to improve the replenishment process. The Department indicated that, based on the experience gained in using this tool, user requirements would be drawn up and presented to the Galileo Development Group in order to pursue the development of a new Galileo module to centrally monitor and account for strategic deployment stocks transactions.

239. The Board in its previous report[22] recommended the finalization of written agreements and standard procedures to guide the transfer of strategic deployment stocks to non-peacekeeping entities. The existing policies allow for the provision of strategic deployment stocks to other United Nations organizations. The Department of Peacekeeping Operations drafted an agreement to serve as a framework for documenting the transfer of strategic deployment stocks to non-peacekeeping organizations. The policies on strategic deployment stocks were endorsed by the Strategic Deployment Stocks Steering Group in October 2005. The document was submitted for final review and approval by the Department, and, once the strategic

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[21] Ibid., para. 174.

[22] Ibid., paras. 177, 180 and 193.

deployment policies were promulgated, UNLB planned to develop its specific standard operating procedures on the management of strategic deployment stocks. But by December 2005 the draft policies and procedures had not yet been promulgated.

240. **The Board reiterates its recommendation that the Administration expedite the promulgation and implementation of its policies and procedures on strategic deployment stocks as a matter of priority.**

241. The Department informed the Board that the draft policies and procedures were pending the approval of the expanded senior management team.

Strategic deployment stocks shipped pending acknowledgement of receipt

242. The Board followed up on the acknowledgement of receipt of strategic deployment stocks shipped to missions.[33] The total value of strategic deployment stocks items awaiting acknowledgement as at 30 June 2005 amounted to $11.9 million, of which $4.7 million had been outstanding for more than 60 days. An analysis of strategic deployment stocks shipped pending acknowledgement exceeding 60 days is provided in table II.22.

Table II.22
Items shipped and still pending acknowledgement of receipt
(United States dollars)

	60-90 days		Over 90 days		
Mission	Quantity	Value	Quantity	Value	Total
MONUC	13	99 624	—	—	99 624
UNOCI	—	—	3	6 202	6 202
UNAMSIL	—	—	6	18 951	18 951
UNMIL	72	536 430	27	51 049	587 479
UNAMIS	—	—	94	1 364 120	1 364 120
UNMIS	—	—	6	37 498	37 498
UNMIS	—	—	794	2 575 625	2 575 625
Total	**85**	**636 054**	**930**	**4 053 445**	**4 689 499**

243. The Department indicated that UNLB had closely monitored the unacknowledged shipments and was in frequent communication with Headquarters and the missions. The new replenishment guidelines agreed to (but not yet approved) by the Department and by the Office of Programme Planning, Budget and Accounts indicated that the trigger for replenishment would be the shipment from UNLB rather than acknowledgement of receipt at the mission.

244. The Department had emphasized to all missions the critical importance of strictly adhering to the established procedures on prompt acknowledgement of strategic deployment stocks shipped. Accordingly, at UNMIS the value of equipment pending acknowledgement was reduced from $6.7 million as at

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[33] Ibid., para. 187.

31 October 2005 to less than $2.7 million as at mid-November 2005. UNLB, in conjunction with the Office of Mission Support, would actively continue to monitor shipments of assets to ensure their timely acknowledgement by missions.

245. **The Department of Peacekeeping Operations agreed with the Board's reiterated recommendation that UNLB, in conjunction with the Department, follow up and obtain acknowledgement of receipt of items shipped to missions and monitor the shipments to ensure the timely acknowledgement of receipt.**

246. The Department informed the Board that as a result of close monitoring and follow-up, UNLB had reduced the backlog (pending for over 60 days) from $4,689,499 to $442,541 as at 31 December 2005.

Receipt and inspection of shipments at the United Nations Logistics Base

247. The Department had established a performance indicator of 20 days for the receiving and inspection process at UNLB. Between 1 July 2004 and 30 June 2005, 20 per cent of the reports had not been completed within 60 days, mainly as a result of some pending actions of the vendors.

248. The Department advised the Board that it was, in conjunction with UNLB, planning a pilot project to apply internationally accepted standards and procedures to the inspection process.

249. **The Board recommends that UNLB, in consultation with the Department, develop suitable operating procedures, in line with good practices, to expedite the receiving and inspection process.**

18. Inventory management

Vehicle spare parts stockholding

250. The total expenditure incurred on the purchases of spare parts at a sample of missions during the past three financial years compared to the value of spare parts revealed that the inventory had a very slow turnover rate (see table II.23).

Table II.23

Spare parts balance

(United States dollars)

Mission	*Closing stock value as at October 2005*	*Purchases, 2004/05*
UNIFIL	6 523 000	1 110 233
MINURSO	1 578 000	394 667
UNAMSIL	3 890 000	444 921
UNOMIG	1 310 000	154 454
UNMEE	4 387 000	190 597
UNMIL	4 188 000	672 595

251. At UNMIK, the value of expendable equipment, which included transport spare parts, was three times higher ($3.2 million) than the target set by the

Department of $1.1 million. Approximately one third of its equipment was held for emergency purposes. At UNMEE, the target was noticeably exceeded, and by a ratio of over 50 per cent for three vehicles. The Department advised the Board that the bulk of spare parts had been transferred from UNMIBH and UNMIK and that UNMEE had initiated action to identify the spare parts that were in excess of its normal requirements.

252. On the other hand, at UNDOF the lack of spare parts at one camp resulted in vehicle maintenance not being performed, causing several vehicles to be in an unusable condition.

253. The maintenance of proper stock levels would positively affect holding costs, stock obsolescence and operational efficiency. The Administration informed the Board that a considerable effort had been made in the past years to control spare parts. The harsh local conditions, decentralized operations and activities and the risk associated with unforeseen urgent requirements in new territories usually resulted in overstocking. The budgetary guidelines direct each mission to seek financial resources for spare parts based on consumption, not on a generic requirement. The following aspects would be addressed in 2006:

(a) Establishment of direct provisioning contracts to facilitate rapid sourcing and expedited delivery;

(b) Implementation of practical steps to ensure frequent and small orders resulting in reduced inventory levels over time (the Board notes that this could lead to increased transaction and delivery costs);

(c) Development of additional functionalities in Galileo;

(d) Incorporation of a demand-forecasting tool based on consumption.

254. **The Department of Peacekeeping Operations agreed with the Board's recommendation that it determine optimal levels for spare parts stockholding by assessing consumption levels, delivery lead times, transaction costs, emergency stock and anticipated events.**

255. The Department informed the Board that it had taken several initiatives aimed at improving the management of vehicle spare parts, including management guidelines, direct purchase contracts that allow missions to contact vendors directly so as to expedite delivery and obviate the need for high-level stocking and a budgetary instruction that all spare parts projections should be based on most recent consumption instead of the standard application of a percentage of fleet cost.

256. The Department had also established an extensive training programme on modern spare parts management and demand forecasting. It had created a bulletin board on which missions would post the details of their excess inventory, thereby providing information on the global reserve that was accessed by all missions. It had established focal points for the management of spare parts in missions and had proposed the creation of a Spare Parts Management Officer post at United Nations Headquarters. For the 2006/07 financial period, new initiatives were earmarked for the write-off of obsolete spare parts that had built up as a result of changes in vehicle fleet composition. The Department was also developing a module in Galileo for spare parts management and demand forecasting.

Recording and storage of spare parts

257. At UNDOF, inventory records had not been updated because of delays experienced in the codification of spare parts in Galileo. Delays in the codification process of up to six months were identified for spare parts selected for testing. At UNMIL, the inventory records in Galileo had not been updated because spare parts were stored in crates owing to inadequate storage facilities.

258. **The Department agreed with the Board's recommendation that it receive, inspect and store parts as well as to update inventory records accordingly.**

259. The Department informed the Board that it was working with UNDOF and UNMIL to rectify the situation and anticipated completing those projects by June 2006.

Fuel monitoring

260. The Supply Section monitored fuel operations at all peacekeeping missions. Fuel was used to support approximately 21,600 vehicles (civilian and military) and 188 aircraft, 5,500 generators and other fuel-consuming equipment. Expenditure incurred in respect of fuel in the past six years amounted to $355 million.

261. Several incidents of fuel theft and fraud had been reported by missions in the past and more recently at UNAMSIL, UNIFIL and UNMIL (see sect. C.25, Fraud and presumptive fraud). Losses had been identified and investigations undertaken by the Office of Internal Oversight Services have revealed the following:

(a) UNAMSIL: based on the difference in quantities supplied (12,000 litres daily) and actual consumption (estimated to be 5,000 to 7,000 litres daily), more than $1.5 million had been misappropriated (case No. 0316/05). A further 21 cases of fraud and presumptive fraud involving fuel had also been reported by UNAMSIL during the financial year under review;

(b) UNIFIL: approximately 180,000 litres of fuel had been misappropriated by members of a contingent. Based on the contract price of $0.60 per litre, the value was estimated at $108,000;

(c) UNMIL: it was evident that fuel had been stolen by members of contingents. This case also identified a number of deliveries of fuel valued at $455,404 that could not be traced.

262. The following key recommendations were made by the Office of Internal Oversight Services in its audit and investigation reports:

(a) Appropriate actions should be taken against the persons implicated in negligence and fuel embezzlement;

(b) The areas where fuel were kept should be secured to restrict unauthorized access;

(c) Staff responsible for managing the issuance and delivery of fuel should be qualified and experienced;

(d) Management reporting systems currently in use and the management of resources should be reviewed to identify ways to increase managerial oversight;

(e) The requisition, management, collection, delivery and distribution of fuel should be standardized in accordance with standard operating procedures.

263. **The Board recommends that the Department of Peacekeeping Operations address all the matters highlighted in the internal audit and investigation reports and implement corrective measures in order to improve the overall management of fuel at peacekeeping missions.**

264. The Department informed the Board that it had taken important steps since 2003 to address all matters highlighted in the internal audit and investigation reports in order to optimize fuel supply processes, to mitigate risks and to improve the overall management of fuel. These steps included:

(a) The creation of a fuel unit at Headquarters with two Professional staff members;

(b) The establishment of a fuel working group;

(c) The recruitment of competent and experienced fuel specialists for field missions;

(d) The acquisition of modern fuel equipment to improve operational capabilities and fuel accounting and reporting system;

(e) The development of standard operating procedures, which were being collated into a comprehensive fuel management manual;

(f) The development of a fuel consumption control calculator;

(g) The ongoing development of the mission electronic fuel accounting system;

(h) A review of its fuel processes during the 2006/07 financial period.

265. As one of the measures implemented to monitor fuel consumption, UNAMSIL had prepared a prototype electronic fuel accounting system, the mission electronic fuel accounting system, to record the receipt and issuance of fuel. The system had been in place for approximately 15 months and, according to the Mission, it had allowed for effective monitoring of fuel consumption.

266. In a report dated 29 December 2004, the Office of Internal Oversight Services indicated that although the mission electronic fuel accounting system had been implemented at UNAMSIL, it was not being used to monitor fuel issued for generators or for contingent-owned equipment. The Department informed the Board that the UNAMSIL prototype system had limited capabilities and was not used for recording the usage of fuel by generators.

267. The Department had proposed an enhancement to the software. The additional improvements have been identified and were included in a high-level business case for enhancement of the system. The Department expected that the enhanced mission electronic fuel accounting system would provide management and users with a full set of tools for fuel planning, including consumption and inventory control, analysis and reporting, invoice matching and budget monitoring. The core functionality of the system would be implemented by June 2006 and full functionality would be achieved by early 2007.

268. The Department had identified additional improvements to the fuel system for the further development of the mission electronic fuel accounting system. It had also taken further steps to mitigate risks and to improve the overall management of fuel in peacekeeping missions in order to prevent the recurrence of fuel misappropriation and fraud.

269. **The Department of Peacekeeping Operations agreed with the Board's recommendation that it implement the mission electronic fuel accounting system in order to improve the monitoring of fuel at peacekeeping missions and to further prevent and detect fuel mismanagement and fraud.**

270. The Department informed the Board that it anticipated the full implementation of this recommendation in 2007.

19. Integrated missions

271. In his report entitled "Renewing the United Nations: a programme for reform" (A/51/950), the Secretary-General stated that sustainable development, post-conflict peacebuilding, emergency relief operations and the link between humanitarian assistance and development coordination were some of the policy concerns that cut across both sectoral and institutional boundaries. The Secretary-General further stated: "The implications of this change for the United Nations are clear: future success hinges on its ability to achieve a unity of purpose among its diverse departments, funds and programmes, enabling it to act coherently and deploy its resources strategically. In addition, alliances and partnerships with the specialized agencies and other organizations must become part of normal organizational routine."

272. The Secretary-General also called for a more integrated and unified United Nations, both at Headquarters and in the field. He noted that the collaboration between Governments and non-governmental organizations must function operationally at the country level and that all too often, the separate United Nations entities pursued their activities separately, without regard to or benefiting from one another's presence.

273. One of the recommendations made by the Panel on United Nations Peace Operations (A/55/305-S/2000/809) was the establishment of integrated mission task forces with members seconded from throughout the United Nations system, which should become the standard vehicle for mission-specific planning and support. The Secretary-General effected the recommendations by giving his special representatives more authority and instituting a system of integrated missions in peacekeeping operations.

274. A report on integrated missions: practical perspectives and recommendations was issued in May 2005. The report was commissioned by the United Nations Executive Committee on Humanitarian Affairs (the expanded core group) and dealt with the concept and practice of integrated missions. The study was undertaken by a team of independent researchers from the Norwegian Institute of International Affairs in Oslo and King's College in London.

275. The main argument in the report was that form must follow function. Only that which needs to be integrated should be integrated, and "asymmetrical" models of integration may provide for deeper integration of some sectors than others. It argued

that peacebuilding could succeed only if the long-term perspectives of transition and development were embedded from the outset of the mission.

276. The expanded core group of the United Nations Executive Committee on Humanitarian Affairs consisting of participants from the Department of Political Affairs, the Department of Peacekeeping Operations, the Office for the Coordination of Humanitarian Affairs, the United Nations Development Programme, the Office of the United Nations High Commissioner for Refugees, the United Nations Children's Fund, the World Health Organization and the World Food Programme held a meeting in June 2005 to discuss the way forward on integrated missions in view of the recommendations made in the above-mentioned report. The key areas for discussion and possible follow-up action were:

(a) Revising the Secretary-General's note of guidance;

(b) Developing a proposal for ensuring better mission planning and planning capacity;

(c) Preparing a note of guidance on "hearts and minds campaigns" and quick-impact projects;

(d) Preparing commentary on and implementing the study's recommendation and other agreed actions;

(e) Noting that the system of integrated missions had been instituted in order to bring United Nations resources and activities closer together to ensure that they were applied in a coherent way across the political, military, developmental and humanitarian sectors. An integrated mission differs from other peacekeeping missions in that the coordination of humanitarian agencies and military peacekeepers is improved because the resident coordinator/humanitarian coordinator also serves as one of the Deputy Special Representatives of the Secretary-General for an integrated mission.

277. The Board noted that there was no formal definition of an integrated mission. As a result, the functions and structure of an integrated mission and the resulting roles and responsibilities of the various actors were not clearly understood. In addition, there was a lack of documented policy and guidelines for integrated missions.

278. **The Board recommends that the Administration continue to pursue and formalize the concept of integrated mission partnerships, determine their function, structure and role as well as finalize guiding principles, policies, and guidelines to govern integrated missions.**

279. The concept of integrated missions and the impact that they would have appeared not to have been adequately discussed with all the actors at the country office level. Members of the United Nations country teams were of the view that they had not been adequately consulted during the process of planning for integrated missions.

280. One of the main obstacles, which could affect the success of an integrated mission, remains the differences in the mandates and objectives of a peacekeeping mission as compared to those of other United Nations entities. Some humanitarian entities informed the Board that when a peace process starts to unravel, peacekeepers and humanitarian workers may be moving in opposite directions.

Furthermore, the funding methods (assessed or voluntary contributions) and the reporting lines for peacekeeping operations and other agencies differed.

281. The Department of Peacekeeping Operations informed the Board that after extensive consultations among the agencies concerned, the Secretary-General's Policy Committee met on 19 July 2005 and took several decisions with respect to integrated missions. Several of the follow-up processes were at an advanced level of completion and once finalized would be submitted to the Policy Committee for endorsement. An expanded meeting of the Department of Peacekeeping Operations senior management team on integrated missions was held on 15 August 2005 to help coordinate the implementation of decisions by the Policy Committee.

282. The Under-Secretary-General for Peacekeeping Operations, addressing the Fourth Committee of the General Assembly, indicated that it was time to move beyond a focus on integration to a more holistic concept of partnership. In that regard, the Department was undertaking an inter-agency review of the integrated mission planning process, which, when completed, would be institutionalized throughout Headquarters and in the field (see A/C.4/60/SR.13).

283. The Board recognizes that as part of the implementation of the 2005 World Summit Outcome (resolution 60/1) agreed to by all Member States in September 2005, the General Assembly and the Executive Office of the Secretary-General were considering setting up a Peacebuilding Commission and a Peacebuilding Support Office, which may also be related to the concept of integrated missions.

284. **The Board recommends that the Administration, using the United Nations Development Group platform, consult extensively with the United Nations country teams from the first phase of the mission-planning process to ensure that their specialized knowledge and expertise are utilized.**

285. The Department of Peacekeeping Operations informed the Board that the integrated mission planning process would provide for an appropriate framework in which to process planning inputs from United Nations country teams.

20. Regional coordination

286. The Advisory Committee on Administrative and Budgetary Questions supported the concept of regional strategies for peacekeeping operations (see A/58/759, para. 104). In its simplest form, this concept refers to situations in which missions could support each other with a view to benefiting from synergies, optimizing established facilities, improving timely processing and availing themselves of relevant expertise in an effort to effectively use resources made available by Member States.

287. MONUC was well positioned to support the regional coordination concept, particularly with ONUB and UNMIS. It shared resources with ONUB, for example fixed-wing aircraft. MONUC and ONUB senior staff also held quarterly coordination meetings on political issues; military issues; code of conduct; disarmament, demobilization and reintegration security sector reform issues; humanitarian issues; electoral issues; and administrative issues.

288. However, MONUC neither had a documented plan to pursue such coordination efforts, as suggested at the second inter-mission coordination meeting, nor did it formally assess the impact of such coordination efforts. MONUC indicated that the

three missions (MONUC, ONUB and UNMIS) would rather continue to provide mutual support to each other on an as-required basis.

289. **The Board recommends that the Department of Peacekeeping Operations, in collaboration with the relevant peacekeeping missions, develop and implement regional coordination plans aligned to the missions' objectives.**

21. Recommendations of the Special Committee on Peacekeeping Operations and the Panel on United Nations Peace Operations

290. The Board followed up on its previous recommendation[24] that the Administration consider measures to meet in full the change-management objectives.

291. The Board noted that the Department of Peacekeeping Operations was still in the process of implementing change-management measures. The process had been reinforced through the temporary redeployment of existing resources to undertake specific projects, such as the development of the Department's Internet portal, the establishment of a Department-wide records-management programme and integrated mission planning.

292. The Board previously reported on the status of implementation of the recommendations of the Special Committee on Peacekeeping Operations and the Panel on United Nations Peace Operations as approved by the General Assembly. Only 41 of the 51 recommendations approved by the Assembly were considered to be within the Board's remit. Of those, 27 (66 per cent) had been implemented, 13 (32 per cent) were under implementation and 1 (2 per cent) had not been implemented by October 2004. The Board had also recommended that the Administration consider developing a proper project plan to systematically document action taken to implement the recommendations.

293. The Department of Peacekeeping Operations informed the Board that of the 14 recommendations pending full implementation, 3 were under the responsibility of other departments and 1 was the responsibility of Member States. The remaining 10 recommendations were included in its various workplans. At this stage of implementation of the remaining recommendations under the Department's control, the Board accepts the merits of including the remaining recommendations in the various workplans rather than in a project plan.

294. Of those 10 recommendations, 2 (20 per cent) were subsequently implemented and 8 (80 per cent) were under implementation. No comments were received on the status of implementation of four of the recommendations that did not fall under the responsibility of the Department of Peacekeeping Operations. Therefore, the Board could not determine the status of their implementation.

295. The Board followed up on its previous recommendation[25] that the Department formalize its coordination with other departments and entities in memorandums of understanding or service-level agreements.

296. The Department informed that Board that it had advocated for the integration of programmes regarding the rule of law into a single jointly staffed United Nations system operating under the authority of the Special Representative of the Secretary-

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[24] Ibid., para. 89.

[25] Ibid., para. 91.

General. Agreement had been reached between MINUSTAH and UNDP-Haiti on the integration of law programmes and the modalities were being worked out. The Department was also discussing rule-of-law programmes with UNDP at the Headquarters level. This could facilitate further agreements on a more global approach in a memorandum of understanding or other arrangement.

297. **The Board recommends that the Department expedite the implementation of the remaining recommendations of the Special Committee on Peacekeeping Operations and the Panel on United Nations Peace Operations.**

298. The Department informed the Board that it was pursuing a broad reform agenda entitled "peace operations 2010". The reforms concerned both Headquarters and the field and focused on five core issues: people, doctrine, partnerships, resources and organization. The reforms envisaged under "people" focuses on recruiting, retaining and training capable and accountable staff. Work on "doctrine" would put into place a comprehensive system of guidance on United Nations peacekeeping that reflects good practices, elaborates policy and establishes standard operating procedures. Work on "partnerships" would establish predictable, effective and transparent frameworks for partnerships both inside and outside the United Nations system. The reforms undertaken on "resources" would enhance the Department's ability to secure the essential resources to improve its operations. The work on "organization" would focus on the organization of both Headquarters and field operations to ensure that missions are provided with clear, responsive and accountable direction and support. It was expected that significant work on the development of a doctrine would be completed by December 2006 and that standard templates for the organization of field missions and integrated operations teams at Headquarters would be in place by then.

Support account

299. Following the issuance of the previous report of the Board of Auditors,[2] the Advisory Committee on Administrative and Budgetary Questions requested the Board to undertake an analysis of how fluctuations in the level of peacekeeping activities affected the level of required Headquarters backstopping; which factors determined the level of required backstopping; the delineation of functions as to what must be performed at Headquarters and what can be carried out in the field; and the relationship between troop strength and the required civilian support component of a mission (A/59/736).

300. As indicated in table II.24, the level of the support account for peacekeeping operations increased by 283 per cent over the period 2000-2006, in comparison with an increase of 177 per cent over the same period for total peacekeeping costs. The support account costs as a percentage of total peacekeeping expenditure for the same period has averaged 3.09 per cent.

Table II.24

Movements of the support account for peacekeeping operations

(Thousands of United States dollars)

	Year ended 30 June						
	2000	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*[a]
Total support account	**38 361**	**62 026**	**84 343**	**97 145**	**111 201**	**118 026**	**146 935**
Percentage increase in comparison with prior year		62	36	15	15	6	24
Percentage increase from 2000 to 2006				283			
Total peacekeeping expenditure	**1 765 113**	**2 383 238**	**2 571 642**	**2 499 813**	**2 933 807**	**4 074 306**	**4 890 400**
Percentage increase (decrease) in comparison with prior year		35	8	(3)	17	39	20
Percentage increase from 2000 to 2006				177			
Support account as a percentage of peacekeeping expenditure	2.17	2.6	3.28	3.89	3.79	2.9	3

[a] Appropriation.

301. The level of the support account has increased significantly from its inception in 1999/00 to the current appropriation level of $146.9 million in 2005/06. The support account represented 2.9 per cent (slightly below the average of 3.09 per cent) of total peacekeeping costs in 2005 and was to remain steady with the 2006 appropriations.

302. The Office of Programme Planning, Budget and Accounts indicated that the main reason for the growth from 2002/03 to 2003/04 was the transfer of the pool of resident auditors (27 posts) from the budgets of the missions to the support account and the creation of two regional investigative hubs in Vienna and Nairobi (8 posts). Therefore, of the 41 new posts approved in the support account budget in 2003/04, 35 were for the Office of Internal Oversight Services. The rising trend of the support account was therefore not due to an increase in requirements for the substantive backstopping of peacekeeping operations but rather to a policy decision to include in the support account resident auditor posts initially budgeted under the respective missions.

303. In the past two budget years, the overall level of United Nations peacekeeping operations had expanded from 11 active peacekeeping missions in 2003/04 to 15 in 2004/05, with the addition of MINUSTAH, ONUB, UNOCI and UNMIS. In addition, the budget of MONUC had doubled, from $600 million to $1.2 billion.

304. Table II.25 indicates the total number of military, police and civilian personnel at peacekeeping missions as well as support account staff. The ratio of civilian support staff to military staff for peacekeeping missions decreased from 57 per cent in 2000 to 21 per cent in the current year, whereas the ratio of support account staff to total peacekeeping mission staff remained relatively steady at approximately 1 per cent.

Table II.25

Comparison of support staff to military and police personnel

Staff	*1999/00*	*2000/01*	*2001/02*	*2002/03*	*2003/04*	*2004/05*	*2005/06*
Peacekeeping operations staff	34 738	54 269	61 683	52 879	59 948	78 965	82 034
Military and police personnel	22 112	39 815	46 467	40 123	46 545	64 334	67 638
Civilian staff in missions	12 626	14 454	15 216	12 756	13 403	14 631	14 396
International	4 075	4 634	5 015	4 120	4 980	5 415	5 215
National	8 551	9 820	10 201	8 636	8 423	9 216	9 181
Support account posts	467	562	687	702	743	761	831
Total	**35 205**	**54 831**	**62 370**	**53 581**	**60 691**	**79 726**	**82 865**
Mission staff to support staff ratios	*1999/00*	*2000/01*	*2001/02*	*2002/03*	*2003/04*	*2004/05*	*2005/06*
Civilian to military personnel	57.10	36.30	32.75	31.79	28.80	22.74	21.28
Support account to military personnel	2.11	1.41	1.48	1.75	1.60	1.18	1.23
Support account personnel to total mission staff	1.34	1.04	1.11	1.33	1.24	0.96	1.01

305. Table II.26 gives an indication of the average number of military and civilian personnel and the ratio of civilian support staff to military personnel at peacekeeping missions.

Table II.26

Analysis of military and civilian staff, 2004/05

Mission	*Military and police personnel*[a]	*Civilian personnel*[a]	*Number of military and police personnel for each civilian personnel*[b]
UNFICYP	1 112	147	8
UNDOF	1 031	127	8
UNIFIL	2 004	396	5
MINURSO	231	234	1
UNOMIG	128	280	0.5
UNAMSIL	5 406	871	6
UNMIK	3 403	3 617	1
MONUC	13 565	2 277	6
UNMISET	515	791	0.7
UNMEE	3 647	532	7
UNMIL	15 779	1 412	11
UNOCI	6 118	595	10
ONUB	5 003	630	8
UNMIS	153	240	0.6
Total	**58 095**	**12 149**	**5**

[a] Average

[b] Approximate

306. There are significant deviations between peacekeeping missions in respect of the ratio of civilian support staff to military strength. These deviations could be explained by differences in factors such as the mandates and resulting activities of the mission, the conditions and size of the mission area, the maturity of the mission (new missions compared to long-standing missions), the level of backstopping and so on. However, the Board considers that it would be meaningful to at least analyse similar types of missions. For example, ONUB, UNMIL and UNOCI were all established recently, however, 1 civilian staff member at UNMIL supports 11 military and police personnel, whereas at UNOCI and ONUB 1 civilian supports 10 and 8 military and police personnel respectively. The performance reports on missions do not include such an analysis. Also, there is no consolidated performance report on peacekeeping operations that could include a holistic analysis of peacekeeping operations.

307. **The Board recommends that the Administration prepare a consolidated performance report on peacekeeping operations, an analysis of civilian support provided to military operations, regional and inter-agency coordination efforts, Headquarters support functions and strategic imperatives.**

308. The Department informed the Board that the Secretary-General had been requested by the General Assembly (resolution 59/296) to submit an annual overview report on the financing of peacekeeping missions, reporting, inter alia, on trends in the size, composition and funding of peacekeeping missions, relevant developments in peacekeeping operations, efforts to improve the management and functioning of peacekeeping operations and the management priorities for the coming year, as well as action taken to implement the provisions of the resolution. This overview report would consider the Board's recommendation as well and would be submitted to the Assembly at its resumed sixtieth session.

22. Rations

309. The Board reviewed the management of rations at peacekeeping missions and the progress made in the implementation of previous recommendations.[26]

Rations Management Manual

310. The Department of Peacekeeping Operations informed the Board that it had revised its policies on the issuance of manuals, guidelines and policies. This revision necessitated changes such as reformatting of the Rations Management Manual. The Manual would be issued upon the completion of this exercise during the first quarter of 2006. However, the provisional Manual issued in 2004 continued to provide guidance on the management of rations. It was updated twice in 2005 to incorporate lessons learned.

Standard operating procedures

311. The Board previously reported[27] that the Supply Section of the Department of Peacekeeping Operations had not performed a detailed review of the standard operating procedures that were received from missions. The Department has since then received and reviewed the standard operating procedures of nine missions.

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[26] Ibid., paras. 200-233.

[27] Ibid., para. 202.

Those procedures were developed in line with the provisional Rations Management Manual.

312. The remaining two missions delivering rations were preparing their standard operating procedures with the target of submitting them to Headquarters by December 2005. UNMIS, still in the start-up phase, was expected to prepare its standard operating procedures in mid-2006.

Performance standards and indicators

313. The performance standards and indicators used to evaluate the performance of contractors had not been rolled out to all missions during the previous financial year. They had been rolled out to missions where rations contract rebidding exercises had occurred. This was part of an ongoing programme of introducing a quality assurance programme for the management of rations contracts.

314. The standards were under review and benchmarked against international commercial standards. Performance-based criteria which were now used in seven missions (MINUSTAH, MONUC, ONUB, UNMEE, UNMIL, UNMIS and UNOCI), provided the means for conducting the required qualitative assessment of rations contracts for troops in those field missions. The roll-out to other concerned missions would continue in a phased manner as contracts expired and were rebid.

315. **The Board recommends that the Administration continue to refine and roll out the performance standards and indicators for rations vendor evaluations to all missions where they have not yet been implemented.**

316. The Department informed the Board that it had reviewed and refined the performance standards and indicators for rations contracts. The Administration had included the refined performance standards and indicators in all existing rations contracts. The two missions (UNAMSIL and UNMISET) that did not have those standards in their contracts had been liquidated as at 31 December 2005.

Monitoring of rations

317. The Department had amended the provisional Rations Management Manual to require monthly reports on rations statistics. The report should include details on obsolete and excessive rations. That information would enable the Department to monitor and analyse the risk associated with obsolete and excessive rations as well as spoilage levels. The Department had not noted any major findings as at November 2005.

318. The Department had completed a review for the development of rations software to maintain an up-to-date record of items written off and the reasons for such actions. The rations management software, when completed, would enable the Department to analyse data and detect trends.

Office of Internal Oversight Services

319. The Board previously reported that the Office of Internal Oversight Services had reviewed rations management at some missions (see table II.27). The Board followed up on the status of implementation of the recommendations made by the Office.

Table II.27

Status of implementation of Office of Internal Oversight Services recommendations on rations as at October 2005

					Recommendations		
Mission	*Period covered*	*Date report issued*	*Total*	*Implemented*	*Under implementation*	*Withdrawn*	*Not implemented*
UNAMSIL	Not defined	29 December 2004	25	18	1	2	4
MONUC	Not defined	4 March 2004	14	13	—	1	—
UNMISET	July 2003 to April 2004	29 September 2004	5	4	—	—	1
UNMEE	July 2003 to August 2004	29 December 2004	13	11	2	—	—
UNMIL	August 2003 to June 2004	11 February 2005	19	16	3	—	—
Total			**76**	**62**	**6**	**3**	**5**

320. The Board noted that the missions had taken steps to implement most of the internal audit recommendations. However, five of the recommendations had not yet been implemented as at October 2005.

321. In addition to the above-mentioned reviews, the Office of Internal Oversight Services also performed a review of rations at Headquarters from November 2004 to February 2005 and issued its draft report to the Administration on 18 August 2005. The Office was in the process of completing its final report, which was expected to be submitted to the General Assembly at its resumed sixtieth session.

322. The implementation of the recommendations made by the Office of Internal Oversight Services and the continuous monitoring and control of the areas highlighted in the reports should contribute to better control and increased efficiency surrounding overall rations management.

323. **The Board recommends that the Administration continue its efforts to address the shortcomings identified by the Office of Internal Oversight Services and expedite the full implementation of the recommendations.**

324. While the Board noted the efforts made by the Department and the improvements made at various peacekeeping missions, it made the following observations:

(a) Deficiencies in the packaging, storage or temperature control of rations were noted at MINURSO, UNIFIL, UNFICYP, UNOCI, ONUB, UNDOF and UNMEE;

(b) Evaluations of supplier performance indicated instances of discrepancies in terms of quality, defects and substitutions at UNOCI, UNFICYP, UNMISET and UNMIL;

(c) There was no penalty clause in case of poor contractor performance at UNOCI;

(d) Rations had been procured without a valid contract at MINURSO ($744,654), UNMISET (the 2004/05 contract was only signed on 17 March 2005) and UNMEE ($686,989);

(e) Discrepancies were noted between actual and recorded rations on hand at UNMEE and UNDOF;

(f) Items were identified at ONUB that had expired and had not been disposed of.

325. At UNOCI, throughout 2004/05, the rations unit chief changed three times, while the rations unit post for a Quality Assurance Assistant was vacant. In addition, the two staff officers for food had no specific qualifications for food supply.

326. **The Board recommends that the Administration implement and enforce procedures to ensure the proper management of rations.**

327. The Department of Peacekeeping Operations informed the Board that the Administration had developed a number of initiatives to ensure proper management of rations. The Administration had included more robust provisions in its food rations contracts to deal with poor performance by contractors. The Department was developing an electronic rations management system to be rolled out to all missions in June 2006. The system would allow for better and more timely oversight of the rations supply chain, tracking contingent and contractor stock and identifying and resolving problems more quickly. It would also free staff to conduct frequent evaluations of contractor performance and of deliveries, packaging, storage and temperature control of rations.

Investigation of vendor

328. The Board took note of the ongoing investigations in respect of one significant rations vendor. The Vendor Review Committee agreed that, pending the satisfactory resolution of the concerns raised by the Controller, the vendor would be suspended from participating in any upcoming solicitations with the United Nations. The Vendor Review Committee further agreed that existing contracts with the vendor would continue to be subject to performance review as well as to the outcome of investigations on the matter.

23. Human resources management

329. The Department of Peacekeeping Operations had prioritized the following projects to be undertaken during 2005:

(a) Finalizing the draft staffing policy, including downsizing, career development, mobility, promotion and selection of staff;

(b) Completing the implementation of the new staffing table and a planning management tool at all field missions;

(c) Completing the staffing table template project, with special focus on the templates of large and small complex missions, deployment schedules, and process implementation;

(d) Reducing vacancy rates in field missions and building reliable rosters of pre-vetted candidates for vacancies;

(e) Working with the Office of Human Resources Management to complete the review for the restructuring of the Field Service category.

330. The Board further noted that the Office of Internal Oversight Services was in the process of performing a management audit to assess the overall economy and efficiency of human resources management, with the following major objectives:

(a) To evaluate the efficiency and effectiveness of monitoring mechanisms exercised by the Office of Human Resources Management on the delegation of authority on personnel matters to the Department of Peacekeeping Operations and the accountability of heads of missions on their responsibilities for the management of human resources allocated to them;

(b) To determine whether the systems and processes applied in human resources management at the Department of Peacekeeping Operations comply with United Nations regulations and rules; ensure efficiency in the selection of qualified staff; promote transparency; and satisfy field missions' staffing needs;

(c) To identify risks and exposure to duplication, fraud and abuse of authority in the administration of human resources management practices;

(d) To assess the efficiency and effectiveness of training activities for peacekeeping missions.

331. The Office of Internal Oversight Services planned to conduct the audit at Headquarters and at one mission (UNMIS) to gain a greater understanding of the interrelationship between the functions of the Personnel Management and Support Service and those of the civilian personnel office in UNMIS. In addition, the Office of Internal Oversight Services planned to review the interrelationship between the Personnel Management and Support Service, the Office of Human Resources Management and the Department of Peacekeeping Operations in order to assess any duplication of functions. The audit would include examining monitoring mechanisms on delegation of authority, interviewing human resources officials and reviewing documents to assess the economy and efficiency of human resources management and training activities.

332. The Board therefore limited its review to primarily the follow-up of its previous recommendations.[28]

Leave management

333. The Board previously reported that IMIS was not being utilized to update leave records at missions as required by Headquarters[29] and recommended that the Administration expedite the necessary amendments to IMIS regarding leave management within a predetermined time frame.

334. The Board noted the following shortcomings with regard to leave management:

(a) At UNMIL, the leave records did not always correspond to the attendance records, the incorrect application of advance leave resulted in incorrect payment of mission subsistence allowance and medical approval forms could not be located in the files;

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[28] Ibid., paras. 314, 316, 322 and 325.

[29] Ibid., para. 313.

(b) At MINUSTAH, statistics on leave were not available, with the result that the level of absenteeism was not monitored. There was also no forecast of sick leave levels, which could hamper delivery of services;

(c) Following the Board's audit, UNMEE had to redesign its leave form to ensure verification of a sufficient leave balance before authorization of leave;

(d) At UNOMIG, no approved leave request forms could be provided for leave taken;

(e) MINURSO did not capture leave information on IMIS because of slow online processing time and inadequate staff to handle the workload in the personnel section.

335. **The Board recommends that the Administration monitor missions' compliance with leave policies and procedures and ensure that accurate leave records are maintained.**

336. The Department concurred with the recommendation that MINUSTAH develop a professional health policy for its staff. The Mission informed the Board that, given the deteriorating security and living conditions at the Mission, more emphasis would be placed on a preventive health care policy for MINUSTAH staff. The Mission would focus on health education campaigns to change behaviour that could affect their physiological and psychological well-being. Thus leave statistics would only be one factor among other significant health indicators.

337. The Department was also looking into a benchmarking exercise on sick leave forecasting in peacekeeping missions and was to contact the Department of Management, which is responsible for determining sick leave benchmarks, to discuss this issue.

338. The Department informed the Board that at UNOMIG, management had issued instructions to section chiefs and sector administrative officers stressing the importance of strict compliance with the established procedures in respect of approval of leave and the timely submission of leave forms to the Mission's headquarters. The personnel section of the Mission had been reminded to monitor the submission of leave request forms and ensure that they are completed, approved and kept in the respective personnel files.

339. The Department also informed the Board that it had raised the limitation in IMIS with the IMIS Steering Committee and requested the necessary amendments to the system regarding leave management within a predetermined time frame. However, the Steering Committee had advised that any changes to the system would be effected only after the completion of the IMIS analysis project. The Department was to provide assistance to the IMIS team responsible for developing the amendments in IMIS relating to leave management. Nevertheless, the Department continued to provide close guidance to the missions. The Department had also allocated dedicated resources to support training, user support and policy guidance for the field missions.

Grading of posts

340. The Board followed up on its previous recommendation that the Administration expedite the finalizing and aligning of the generic job profiles and

grading guidelines to eliminate any inconsistencies and disparities in the application of entry rules and grading of employees.[30]

341. The Department of Peacekeeping Operations and the Office of Human Resources Management have completed the generic job profiles for the Professional category. The Administration indicated that further work was ongoing to finalize the generic job profiles for the Field Service category. As at 30 September 2005, 26 profiles for the Field Service category had been approved by the Office of Human Resources Management; 21 were under review and 13 required further development. Meanwhile, the grading guidelines for the Professional and Field Service categories were revised in July 2004.

Evaluating the effectiveness of training

342. The Board followed up on its previous recommendation that the Administration develop a plan with time frames for training managers in the field to evaluate the effectiveness of training for both the individual and the Organization.[31]

343. The Department of Peacekeeping Operations indicated that civilian training was being evaluated at the conclusion of the course for effectiveness for the individual, but it did not yet have the capacity to evaluate the long-term effectiveness of training for both the individual and the work unit. This long-term project was to be initiated early in 2006.

344. The Board noted that evaluation forms were not always completed after training sessions at UNIFIL and UNOCI.

345. **The Board reiterates its recommendation that the Administration evaluate the effectiveness of training for both the individual and the Organization.**

346. The Department of Peacekeeping Operations informed the Board that in November 2005 it had amalgamated the Training and Evaluation Service and the Civilian Training Section into a new service — the Integrated Training Service. In 2003, the Training and Evaluation Service had instituted a programme for the evaluation of its courses and training assignments. With the amalgamation, the evaluation project was being extended to cover civilian training organized by the Department and the missions. A level-3 evaluation, designed to measure the effectiveness of training by observing performance in the field missions, would be piloted during the first half of 2006. Furthermore, the standard quarterly reports would be extended to cover all integrated mission training centres. A section of the report would be devoted to the evaluation results relating to the courses conducted.

347. The Integrated Training Service was to issue in January 2006 instructions to guide the implementation of a level-3 evaluation. Furthermore, the level-3 observation checklist for 26 operational tasks would be piloted for six months to test the process. The Department of Peacekeeping Operations anticipated that the level-3 evaluation would be implemented in each mission as from 1 July 2006. The programme-level evaluation process to measure the Organization's benefit from training would be developed during 2006 based on the lessons learned.

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[30] Ibid., para. 316.

[31] Ibid., para. 322.

348. The Board followed up on its previous recommendation that the Administration evaluate mechanisms that could be implemented to effectively gather information to track competency gaps.[32]

349. The Department had developed and incorporated into its human resources data warehouse an online skills inventory module that would be utilized to identify gaps in individual competency and areas of expertise. The Department indicated that it would also be utilized to identify gaps across missions and specific occupational groups. This skills inventory was piloted at UNAMSIL in December 2004. Modifications have recently been completed, enhancing the tool with a view to a series of targeted launches in field missions before 30 June 2006.

Security

350. The Secretary-General's bulletin entitled "Basic security in the field: staff safety, health and welfare" (ST/SGB/2003/19) requires that the basic security in the field course be compulsory for all United Nations personnel assigned to field missions and duty stations. At UNOCI, 16 international and 32 local staff members had not completed the course, available worldwide on CD-ROM and online, although Abidjan was in security phase III.

351. **The Board recommends that the Department ensure that all staff complete the basic security in the field course prior to or upon arriving at the field location.**

352. The Department informed the Board that UNOCI had confirmed that the backlogs in the completion of the course by new staff members had been cleared. All new staff members were now required to complete the course as part of the check-in process. Furthermore, the Department was in the process of implementing a mission readiness programme that would provide an opportunity for new staff to complete the course before arriving in the mission area. The materials would be ready for distribution in May 2006.

Hiring through purchase orders

353. To reduce gaps in its staffing table relating to 24 air operations positions, UNMEE recruited 7 local staff members through purchase orders. This hiring was in violation of General Assembly resolution 59/296 (sect. VIII, para. 11), in which the Assembly, regarding the practice of hiring individual contractors or individuals on procurement contracts to perform functions of a continuing nature, requested the Secretary-General to revert to the Assembly for its consideration of the creation of a post is the function was ongoing and was so warranted.

354. **The Board recommends that the Administration comply with General Assembly resolution 59/296 (sect. VIII, para. 11) regarding the hiring of individual contractors or individuals on procurement contracts to perform functions of a continuing nature.**

355. The Department informed the Board that UNMEE was to terminate all individual contractors effective 31 December 2005. The Mission would ensure strict compliance with the rules relating to staff hired on a short-term basis.

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[32] Ibid., para. 325.

Consultants and individual contractors

356. The services of consultants engaged under a consultancy contract are limited to a maximum of 24 months in a 36-month period. The services of individual contractors engaged under a contract for individual contractor, previously a special service agreement, are limited to 6 months, or in special circumstances to a maximum of 9 months, in any period of 12 consecutive months, except for individual contractors engaged to perform language functions on a unit-cost basis.

357. The General Assembly indicated that consultants should not perform the functions of staff members of the Organization and, where consultants are frequently hired for a period of more than one year, the establishment of posts should be considered (resolution 59/266). In such cases, missions should explore other options for obtaining the services, such as getting budget approval for new posts, outsourcing functions or hiring staff on fixed-term appointments for short periods against general temporary assistance posts.

358. The Board notes that UNIFIL requested, as part of its budget for the period from 1 July 2004 to 30 June 2005 (A/58/659, para. 9), that 45 special service agreements be converted into 45 national posts (fixed-term contracts under the 100 series) in the areas of engineering, information technology, military support, transport and communications. An overall survey by the Department of Peacekeeping Operations revealed that those posts pertained to core functions performed on a continuous basis, for which the current individual contracts were not appropriate. However, the Advisory Committee on Administrative and Budgetary Questions did not approve this request, as it believed that insufficient justification for the proposed conversion had been provided in the budget submission (A/58/759/Add.6, para. 16).

359. The Department was conducting a review of the Field Service category at all missions to determine the type and number of core functions to be filled.

360. In General Assembly resolution 59/296, the Secretariat was requested to seek approval in the budget for the creation of posts for continuous functions being performed by individual contractors. All missions have been informed of this provision and requested to review the functions being performed by individual contractors to determine whether they are core functions required on a continuous basis, in which case posts should be requested in their respective budgets, or whether the services provided by the independent contractors can be obtained through outsourcing or other type of service contract.

361. **The Board recommends that the Department include sufficient justification and analysis in mission budget proposals, where appropriate, for converting contracts for individual contractors to established posts, in cases where they perform core functions.**

362. The Department informed the Board that the results of the review were reflected in the 2006/07 budget proposals of the missions, with the appropriate justifications.

Conversion from 300- to 100-series appointments

363. Appointments of limited duration under the 300 series of the Staff Rules may be extended for a continuous period not exceeding three years, subject to renewal,

exceptionally, for a final period of one year, which may not be extended. Once the maximum four-year period of continuous service on a 300-series appointment of limited duration is reached, the staff member can be reappointed under a new 300-series contract only if he or she has had a break in service of at least six months.

364. The compensation packages of 300- and 100-series contracts differ considerably, with 100-series appointments offering more benefits, such as enhanced sick leave, home leave and education grant.

365. The General Assembly, in its resolution 58/296, decided to suspend the application of the four-year maximum limit for appointments of limited duration under the 300 series of the Staff Rules in peacekeeping operations until 31 December 2004. Subsequently, the Assembly continued the suspension until 30 June 2005 (resolution 59/266).

366. In its resolution 59/266, the General Assembly requested the Secretary-General to recruit any new staff for peace operations on 300-series appointments, which provide less attractive conditions of service than the 100-series fixed-term appointment. In section VIII of its resolution 59/296, the Assembly continued the suspension of the application of the four-year maximum limit for appointments of limited duration under the 300 series of the Staff Rules in peacekeeping operations until 30 June 2006, and requested the Secretary-General to continue using 300-series contracts as the primary instrument for the appointment of new mission staff.

367. **The Department agreed with the Board's recommendation to assess the impact of using 300-series contracts as the primary instrument for the appointment of new staff in peacekeeping missions.**

368. The Department indicated that it was often very difficult to determine why candidates did not apply, as it was difficult to capture certain information. The Personnel Management and Support Service did not have a viable mechanism for determining whether it was attributable to the type of contract offered. Experience shows that when exit interviews have been conducted, experience staff members have not always been explicit about their reasons for leaving. Thus, while anecdotal information indicates that the more favourable conditions of service offered by other organizations, including those in the United Nations common system, had an impact on the recruitment and retention of highly qualified personnel for peace operations, this information is difficult to document empirically. The Department would continue to gauge the impact of the conditions of service offered under 300-series contracts on the ability to recruit and retain high-quality personnel for United Nations peace operations. Data and information captured would be included in the report submitted to the General Assembly on the conditions of service of United Nations field staff.

Follow-up of investigation into sexual exploitation and abuse

369. The Board previously reported on alleged acts of sexual exploitation and abuse.[33] The Office of Internal Oversight Services investigated those allegations and concluded that the problems were serious and ongoing.

370. In its report on MONUC (A/59/661), the Office identified factors contributing to exploitation of the concerned local community, namely poverty affecting the

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[33] Ibid., paras. 327-332.

population, especially internally displaced persons at the camp; food insecurity; idleness among non-school-going children; the erosion of family and community structures; discrimination against women and girls; insecurity of the perimeter fencing, encouraging interaction between the military and the general population; inadequate patrols by military police and insufficient enforcement of military discipline; the absence of any programmes for off-duty peacekeepers; the lack of a sexual harassment and abuse prevention programme in MONUC; and a lack of facilities or programmes aimed at protecting the vulnerable population. The Department agreed with all eight of the recommendations of the Office of Internal Oversight Services to address those problems.

371. A further investigation was performed by the Department of Peacekeeping Operations in conjunction with the Office of Internal Oversight Services for the period from 1 January 2004 to 18 October 2005. Investigations have been completed on more than 264 peacekeeping personnel in all missions, resulting in the summary dismissal of 17 civilians, the repatriation of 13 members of formed police units and 94 repatriations/rotations home on disciplinary grounds of military personnel (including 6 commanders).

372. At the request of the Under-Secretary-General for Peacekeeping Operations, the Office of Internal Oversight Services conducted a review of the state of discipline in all field missions led by the Department, with the major objective of assisting the Department's senior management in determining a course of action to strengthen United Nations standards of conduct and ensure compliance. The review was conducted during April and May 2005. The report issued to the Under-Secretary-General on 1 September 2005 indicated that indiscipline existed in all missions but at varying degrees.

373. The Office of Internal Oversight Services made 29 recommendations. The Board noted that the Department had begun to implement them.

374. **The Administration agreed with the Board's recommendation that it promptly implement the recommendation of the Office of Internal Oversight Services and assess the impact implementing them.**

375. The Department informed the Board that it had established conduct and discipline teams at Headquarters and in eight peacekeeping missions to systematically address the issues of serious misconduct and crime. Similar teams would be established in other peacekeeping missions during the 2006/07 financial period. These teams were implementing mechanisms to prevent misconduct, enforce United Nations standards on conduct and track misconduct cases. The conduct and discipline team at Headquarters was focused on providing oversight to the teams in the field, providing procedures and guidelines on conduct issues and tracking misconduct cases. The Department was committed to implementing all the accepted recommendations of the Office of Internal Oversight Services in line with the implementation action plan and would assess the impact of implementation by 31 December 2006.

24. Resident auditors

376. The Advisory Committee on Administrative and Budgetary Questions requested the Board to undertake an evaluation of lessons learned with regard to the assignment of resident auditors in the missions and to include proposals for further improvement of coordination of their work with that of the Board (see A/59/736).

377. The objective of assigning resident auditors to United Nations peacekeeping and other field missions is to provide continuous on-site audit coverage of missions with a view to assessing: (a) the adequacy and effectiveness of internal controls; (b) compliance with established rules, regulations, policies and procedures; (c) the economy, efficiency and effectiveness of field operations; and (d) progress in implementing the mission's mandate (standard terms of reference for resident auditors in peacekeeping and other field missions).

378. The total budgeted expenditure for peacekeeping audit services amounted to $7.1 million, while actual expenditure amounted to $5.6 million for the 2004/05 period owing to a vacancy rate of 16 per cent, as detailed later in the present report. The budget allocated for the 2005/06 period amounted to $10.9 million, and the increase was due mainly to the establishment of a resident auditor function at MINUSTAH, ONUB and UNOCI.

379. Most missions were of the view that the resident auditors added value and contributed to the Organization in a positive way. However, missions also indicated that improvements could still be made.

Coordination

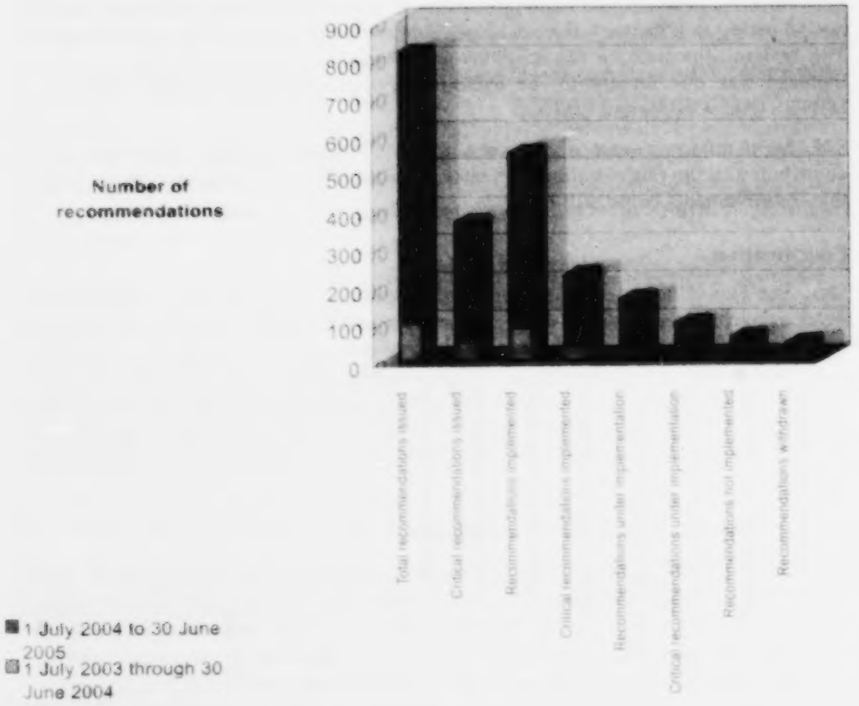
380. The Board holds regular coordination meetings with the peacekeeping audit services unit at Headquarters during its audit process. In addition, all audit teams of the Board have regular meetings with the resident auditors during mission audits. The audit plans of the Board and of the resident auditors are discussed to avoid duplication of efforts and to ensure the effective and efficient deployment of audit resources. The Board has placed reliance to the extent possible on the work of the resident auditors (for example, on rations and fuel management) and will continue to do so.

Status of implementation of recommendations

381. The Office of Internal Oversight Services issued 719 recommendations at the mission level during the 2004/05 financial year, compared to 100 recommendations during 2003/04. Only 5 per cent of the recommendations were withdrawn by the Office in 2004/05, compared to 8 per cent in the previous financial year. Figure II.9 illustrates progress in the implementation of the recommendations issued by resident auditors to peacekeeping missions and Headquarters during the past two financial years.

Figure II.9

Progress of implementation of recommendations at missions



Deployment of resident auditors

382. The report of the Secretary-General on the use of resident auditors (A/55/735) indicated that it presented a number of challenges, including identifying and recruiting qualified candidates; ensuring that the appointed candidates subsequently received the required training and exposure to best auditing practices; ensuring that the resident auditors maintained an effective working relationship with mission management without, at the same time, compromising their independence; and assisting and motivating the resident auditors to perform effectively — and to serve on a relatively long-term basis — despite the special pressures and other problems posed by the difficult and often harsh mission environment.

383. In the same report, the Secretary-General stated that to ensure adequate internal audit coverage of mission operations, the Office of Internal Oversight

Services had recommended that a resident auditor at the P-4 or P-3 level be assigned for each $100 million of annual budgeted expenditure and also, for those missions with annual budgets exceeding $200 million, that an auditing assistant at the G-6 or G-7 level be assigned.

384. The Board is of the view that the number of auditors per $100 million budgeted expenditure is only one indicator to be used in the allocation of resources. This indicator must be refined after consideration of factors such as risk and complexity of operations.

385. **The Board recommends that the Office of Internal Oversight Services refine its basis for allocating resources for the audit of peacekeeping missions.**

386. The Board reviewed the average vacancy rate for resident auditors for the 2004/05 period, as indicated in table II.28.

Table II.28

Average vacancy rates for 2004/05

(Percentage)

Location	*Vacancy rate*
New York	12
Middle East (UNTSO, UNDOF, UNIFIL, UNFICYP)	29
UNAMSIL	23
UNMIK	25
MONUC	16
UNMISET	—
UNMEE	—
UNMIL	20
Average	**16**

387. As at September 2005, Chief Resident Auditor posts were still vacant at MONUC, ONUB and the missions in the Middle East (including UNTSO, UNDOF, UNIFIL and UNFICYP). The Office of Internal Oversight Services informed the Board that the vacancy announcements for the Chief Resident Auditor posts for the Middle East missions were issued on 2 March 2005 and those for MONUC and ONUB were issued on 25 May 2005.

388. **The Board recommends that the Office of Internal Oversight Services expedite the filling of all posts to ensure that the units can execute the planned audit actions.**

Gender distribution

389. The General Assembly had expressed its concern at the low proportion of women in the Secretariat in general and requested the Secretary-General to increase efforts to attain and monitor the goal of gender parity in the Secretariat (resolution 59/266). The number of female resident auditors at the Professional level increased

14 per cent in the four-month period from June to September 2005. The statistics of gender distribution are indicated in table II.29.

Table II.29
Gender distribution of resident auditors

Mission	*Female*	*Male*	*Total*	*Percentage female*
Middle East (UNTSO, UNDOF, UNIFIL, UNFICYP)	–	1	1	–
UNAMSIL	2	3	5	40
UNMIK	2	2	4	50
MONUC	4	4	8	50
UNMEE	2	1	3	67
UNMIL	3	4	7	43
UNOCI	2	2	4	50
MINUSTAH	1	4	5	20
ONUB	2	1	3	67
UNMIS	1	4	5	20
Total	**19**	**26**	**45**	**42**

Risk assessment

390. The report of the Office of the Internal Oversight Services on the use of resident auditors in peacekeeping and special political missions states that a number of improvements had been made to the resident audit management process. A key change had been the adoption of a risk assessment methodology in the audit planning process. A concerted effort had been made when developing the 2005 audit workplan to implement the risk methodology in all missions.

391. The Office identified specific risk areas by carrying out a risk management review when compiling the audit workplan. The resident auditor identified the risk areas through discussions with all key managers and also asked all missions to identify areas that they wanted to be included in the workplan. Special assignments requiring a horizontal review by resident auditors at all the missions were included in the plan. The risk assessment was reviewed quarterly and adjustments were made accordingly if additional risks were identified or if audits had to be rescheduled for another financial year because of special assignments.

Timeliness of reports

392. In terms of the Internal Audit Division Manual, section 9.9.2, the maximum timeline established for the submission of the final audit report to the client is four months (120 calendar days) from the end of the fieldwork. The average lead time for the 2004/05 period was 118 days.

393. The average lead time from the notification date to the end of fieldwork for all the reports issued was 117 days; the average lead time from the end of fieldwork to the issuance of a draft report was 53 days; and the average lead time from the issuance of the draft report to the issuance of the final report was 64 days for

2004/05. The time periods between the date of notification and issuance of the final report ranged from 58 days ("Global review of status of discipline in missions", MINURSO) to 286 days ("Procurement activities", MINUSTAH) during the 2004/05 financial year.

Client satisfaction survey forms

394. Client satisfaction survey forms were attached to each report issued to mission management. OIOS used these survey forms to assess the overall quality of its audit process. The quality and value added by the audits is evaluated on a scale from 1 to 4, 1 being poor and 4 being excellent. All client satisfaction replies are submitted to the Director of Internal Audit Division I.

395. During the 2004/05 financial year, 55 audit reports were issued but only 11 client satisfaction surveys were received by the Office of Internal Oversight Services (results: excellent, 1; good, 5; fair, 4; and poor, 1). These client survey forms were therefore seldom seen as a tool to be used by both the missions and the resident auditors. The survey forms could add value by providing constructive comments on the audit report and the audit process followed by the resident auditor.

396. **The Board recommends that the Department of Peacekeeping Operations instruct missions to return to the Office of Internal Oversight Services the client satisfaction survey forms in order to facilitate improvement of the audits and cooperation between mission management and resident auditors.**

25. Fraud and presumptive fraud

397. As required under the Financial Regulations and Rules of the United Nations, the Administration reported to the Board 30 (2003/04: 6) cases of fraud and presumptive fraud known to it for the financial period ended 30 June 2005. These may not reflect the entire universe of fraud cases system-wide, as some cases may be under review by other offices, units or oversight bodies and not yet reported to the Board.

398. **The Board is concerned at the increase in fraud and presumptive fraud cases reported by the Administration.**

399. The Administration reported that the United Nations did not incur losses in nine cases (to which a few other cases could be added, as mentioned later). An estimated loss of $1,828,783 was incurred in respect of 17 cases noted below; the extent of the losses had not yet been determined by the Administration in four cases:

(a) At MONUC, counterfeit cheques were fraudulently being presented for payment at various locations. In all instances, the banks declined payment on the cheque. There was no evidence of involvement of MONUC personnel relating to this matter. MONUC subsequently closed the account concerned;

(b) An attempted theft of fuel was perpetrated at UNAMSIL by two of the security guards and a domestic worker stationed at the Special Representative of the Secretary-General's premises. No financial loss was incurred. The attempted theft was observed by a military official and reported. The personnel suspected to be involved were dismissed;

(c) Fraudulent medical insurance claims were submitted by a staff member at UNAMSIL. The staff member in the personnel section responsible for checking claims became suspicious of the validity of the claims and performed further enquiries, which led to the claims being denied. The staff member concerned later admitted to submitting fraudulent claims and was placed on permanent annual leave for the duration of her contract with UNAMSIL. No financial loss was incurred;

(d) An attempted theft of 287 litres of fuel took place at the Hastings fuel point at UNAMSIL. Petrol was provided to a contingent in plastic drums on the back of a diesel vehicle. The petrol was recovered and the fuel attendant's contract was terminated;

(e) A fraudulent travel claim was submitted by an official at UNAMSIL. The officer in charge of the transport section had suspected fraud, which was confirmed on further investigation. The travel claim was not paid and the staff member subsequently resigned;

(f) The fuel record-checking mechanism revealed that eight vehicles from a UNAMSIL contingent had a high consumption of fuel. The investigation was ongoing and possible financial implications were not yet known;

(g) Various vehicles in the UNAMSIL mission area were similarly found to be using excessive amounts of fuel in relation to the distances covered. The matter was still pending further investigation, and possible financial implications were not yet known;

(h) A siphoning point was discovered near the helipad at UNAMSIL and seven local staff members were found in possession of 1,364 litres of diesel fuel. The matter was pending further investigation;

(i) Claims for security costs were fraudulently inflated by certain employees at MONUC. While the individual amount per claim did not exceed $60, MONUC was concerned whether other similar fraudulent claims were being submitted throughout the Mission. The Mission therefore requested the resident auditor to perform a full investigation, the results of which were still pending;

(j) Telephone personal identification codes were illegally used by a United Nations Volunteer at MINUSTAH. Telephone calls valued at $296 were made, which was subsequently recovered from the Volunteer. The individual's contract was subsequently terminated;

(k) A national staff member stole 16,000 litres of diesel fuel at UNAMSIL amounting to $5,760 by forging receipts and other documents relating to the quantities held in the fuel bowsers. The staff member had since been assigned to different duties until the termination of his contract at the end of June 2006;

(l) Diesel fuel valued at $1,794 could not be accounted for at one of the fuel points in the UNAMSIL mission area. Investigation revealed that trip tickets were forged and vehicles refuelled while they were in for repairs. Both national employees involved had their driving permits revoked and their contracts were not renewed on 30 June 2005;

(m) At UNAMSIL fuel worth $136 was stolen from one vehicle, which had not been properly secured by the driver. No action was taken against the driver since there was insufficient evidence to verify that the driver had misappropriated the fuel;

(n) A total of 1,800 gallons of diesel fuel destined for Kiodu in the UNAMSIL mission area, with a value of $3,240, never reached its destination. The national staff member never returned to work and could not be traced. The local police were investigating the matter;

(o) Excessive fuel consumption was noted for a vehicle at UNAMSIL. A total of $46 was lost possibly owing to fuel cover damage. No action was taken against the responsible staff members, and there had been no recurrence;

(p) Excessive fuel consumption was noted for a vehicle at UNAMSIL, amounting to $122. Responsibility for the loss could not be isolated since the vehicle was used by many different drivers;

(q) Diesel fuel totalling $140 was misappropriated from a generator at UNAMSIL. The United Nations Volunteer implicated had been moved to another location;

(r) Sixteen vehicles at UNAMSIL belonging to two contingents and the transport section were identified as using excess fuel. Investigation revealed that the total value of excess usage amounted to $8,882. The drivers were still employed by the Mission pending the outcome of the investigations;

(s) Diesel fuel (4,353 litres with a value of $392) was alleged to be missing from a powerhouse at UNAMSIL. Upon investigation, it was noted that the loss was due to spillage. The cause of the spillage was corrected and no recurrence was noted;

(t) The officer in charge of the fuel cell at UNAMSIL noted in two separate cases that vehicles being driven by 24 of the drivers were using abnormal amounts of fuel. Investigation showed that $5,041 had been misappropriated. No funds have been recovered. Some of the drivers have left, while the others' contracts would not be renewed;

(u) Two cases involving seven vehicles from two contingents were found to be using excessive fuel at UNAMSIL. The total excess usage amounted to $2,151. No recoveries have been made since the battalion had since left the mission area. The commanding officers of the remaining contingents have been informed that no refuelling may take place without the authorization of their own transport officer;

(v) A driver from a UNAMSIL contractor was found delivering food in downtown Freetown to a commercial supplier. On inspection, the food was found to consist of ration packs for contingents. The value of the food items totalled $1,530, which was recovered, resulting in no financial loss. The driver was suspended by the contractor pending the outcome of the UNAMSIL investigation;

(w) Drivers of one of the contingents could not account for 2,022 litres of diesel valued at $1,011 at UNAMSIL. No amounts have been recovered, and the commanding officer reported that a board of inquiry was in process. The pump attendant's contract was also terminated owing to improper performance of his duties;

(x) The generator at one of the powerhouses at UNAMSIL was found to be using twice as much fuel as it should have. The estimated loss amounted to $300,000. Further analysis was ongoing. Seven locals have been arrested, and the fate of the UNAMSIL staff implicated was pending the results of the investigation;

(y) A United Nations Volunteer at UNAMSIL obtained $495 and 3,270,000 leones from locals under false pretences. In addition, 1,012,000 leones from quick-impact project funds obtained from a contingent was taken. A complaint was lodged with the civilian police officer and the amounts were recovered from the Volunteer. The individual was subsequently repatriated;

(z) The telephone pin code of a United Nations Volunteer at UNAMSIL was illegally used to make long-distance phone calls amounting to $68 (€ 82). This was suspected to have been done by an official from a contingent. No amounts had been recovered and no remedial action had yet been taken;

(aa) Staff at ONUB submitted fraudulent hotel claims. Approximately 71 invoices were found to be fraudulent, amounting to $11,000. No loss was suffered since all such claims were either rejected or the funds were recovered. The resident auditor was overseeing a full investigation into the matter. Certain repatriations have taken place, but action would be taken only in the remainder of the cases when the investigation and the internal audit report had been finalized by the Office of Internal Oversight Services;

(bb) Senior officers from one of the contingents at UNIFIL provided fuel and rations to local buyers for personal gain. The Office of Internal Oversight Services had conducted an investigation and estimated the loss to amount to $1.5 million during the contingent's final tour of duty. No recoveries had yet been made. Contracts with locals involved have been terminated, and the Office of Internal Oversight Services had recommended that criminal proceedings be instituted against the military staff involved.

400. Of the 25 cases reported at UNAMSIL, the amounts involved (where quantified) amounted to $330,808, covering 18 cases. Nineteen of them (76 per cent) related to fuel fraud at the Mission. The estimated value of such fraud (where quantified) amounted to $1.5 million (approximately 2.6 million litres of fuel). The issue of fuel mismanagement was a subject of resident auditors' findings at UNAMSIL in 2004 and 2005. A similar audit was also carried out by the resident auditors of UNIFIL.

401. The Board recognizes the actions taken by the Mission to address the problems with regard to fuel management. However, the Board is concerned that the risk of poor fuel management may be pervasive and prevalent in other missions.

402. **The Board recommends that the Department of Peacekeeping Operations, in close consultation with peacekeeping missions, carefully analyse the elements leading to the reported fraud and properly take the necessary punitive measures, draw lessons and share those lessons systematically with other peacekeeping missions.**

403. The Department of Peacekeeping Operations informed the Board that it had established a "communities of practice network" through which personnel could gain access to information, submit queries and exchange documents, feedback and experiences on issues of conduct and discipline. The Department had also established a web-based mechanism through which authorized mission users could store and access misconduct reports by using a software program: Cyber Ark. These two initiatives were aimed at facilitating the sharing of lessons systematically among peacekeeping missions on conduct and disciplinary matters.

404. The list of cases of fraud or presumptive fraud reported by UNAMSIL was compared to the list provided by Headquarters. A total of 28 cases were reported by UNAMSIL compared to a total of 25 cases reported by Headquarters relating to UNAMSIL. There is therefore a difference of three cases between the two lists presented. At UNMEE and UNMIK, a further 2 and 16 cases respectively were not reported by the missions to Headquarters.

405. **The Board recommends that the Administration ensure the accuracy and consistency of information reported on cases of fraud or presumptive fraud. The Board further recommends that the Administration confirm to the Board of Auditors the final list of fraud and presumptive fraud cases.**

406. The Administration informed the Board that the procedures in place would be reviewed and strengthened to ensure that cases of fraud and presumptive fraud were accurately reported at all levels. The Administration subsequently clarified that UNAMSIL had reported one case that pre-dated the reporting period and included two cases that were withdrawn.

407. The Board noted that an investigation on procurement matters was currently under way.

26. Results-based budgeting

408. The General Assembly at its resumed fifty-seventh session in June 2003 (resolution 57/290 B) requested the Joint Inspection Unit to submit to it at its sixtieth session an evaluation of the implementation of results-based budgeting in peacekeeping operations. The Joint Inspection Unit was in the process of performing this evaluation at the time of the Board's audit. The objectives of the evaluation by the Joint Inspection Unit are to:

(a) Test the degree of implementation of results-based management;

(b) Identify successful cases of the application of results-based management and related management approaches as well as constraints and limitations on its applications;

(c) Assess the extent to which results-based management assisted Member States in taking informed decisions on the launching and the management of peacekeeping operations;

(d) Determine specific managerial conditions enabling the application of results-based management in peacekeeping operations and enhancing the effectiveness and the public accountability of the operations;

(e) Recommend criteria and measures for the effective adaptation and use of the results-based management principles, methodology and techniques to meet the specific needs of those activities that would ensure the achievement of the overall objectives of the operations concerned.

409. The Joint Inspection Unit evaluation would be conducted at Headquarters as well as at MINUSTAH, MONUC, UNAMSIL, UNMIL and UNOCI.

410. Accordingly, to avoid a duplication of effort, the Board limited its audit to the follow-up of its previous recommendations.[34] The Board noted that the

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[34] Ibid., paras. 294, 296, 299 and 301.

Administration had standardized the template for the compilation of a portfolio of evidence. The guidance on the use of the template was issued to the missions along with the Controller's 2003/04 performance report instructions. However, no portfolio of evidence could be provided at MINUSTAH, UNMIL, UNMIS and UNOCI at the time of the mission audits in August and September 2005.

411. **The Board reiterates its previous recommendation that peacekeeping missions compile a portfolio of evidence to substantiate the actual accomplishments recorded in the performance reports.**

412. The Department of Peacekeeping Operations informed the Board that the above-mentioned missions had submitted their portfolio of evidence as part of their budget performance reports.

413. Validation mechanisms or procedures to ensure the accuracy and completeness of the portfolio of evidence were not yet in place. As reported previously,[35] validation on a test basis by the resident auditors at missions is an option that could increase the credibility of the performance reports.

414. **The Board reiterates its previous recommendation that resident auditors at missions conduct reviews of the portfolio of evidence supporting results, on a test basis, to ensure the accuracy and completeness of the performance reports, thereby increasing their credibility.**

415. The Office of Internal Oversight Services indicated that the review of the portfolio of evidence supporting results, on a test basis, would be included in the workplan of the resident auditors and would be conducted on a rotational basis.

27. Information and communication technology

Review by the Office of Internal Oversight Services

416. The Office of Internal Oversight Services was conducting an audit on information and communication technology at the Department of Peacekeeping Operations as part of a comprehensive review. The overall objective of the audit was to assess the overall economy and efficiency of the information and communication technology operations, focusing on:

(a) Identifying risks and exposure to duplication;

(b) Identifying risks and exposure to abuse of authority;

(c) Assessing the effectiveness of planning for future needs and the appropriateness of the resulting budget allocated for information and communication technology;

(d) Assessing the appropriateness (adequacy) of the information and communication technology used to service peacekeeping missions worldwide in an efficient, effective and secure manner.

417. The Board, therefore, in order not to duplicate efforts, limited its review to the follow-up of its previous recommendations.[36] The Board previously recommended that the Department of Peacekeeping Operations develop and approve an

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[35] Ibid., para. 295.

[36] Ibid., paras. 305, 309, and 311.

information and communication technology strategic plan and to update the plan regularly to address the changing needs and requirements of the Department. The Department indicated that the full implementation of this recommendation was dependent on the finalization of the Department-wide information management strategy in order to align the information and communication technology strategic plan with the information management strategy. The development of the information management strategy for the Department was in progress.

418. The Board previously recommended that the Department of Peacekeeping Operations review the policy relating to field information technology access rights. The Information Technology Services Division developed such a policy, which was reviewed by the Department and was planned for finalization and circulation to all field missions by 31 December 2005.

Hardware age and ratios

419. The Board noted that all the above-mentioned matters would be included in the Office of Internal Oversight Services review as part of the comprehensive management audit.

420. In its resolution 59/296, the General Assembly decided that the ratio of desktop printers to desktop computers in peacekeeping missions should not exceed 1:4. However, the ratio was found to be higher at MINUSTAH, UNLB, UNMIK, UNMIL, UNIFIL and UNDOF.

421. **The Board recommends that the Administration perform an evaluation of the printer requirements across all missions and ensure that new printers are not procured before the ratio has been reduced to a more acceptable level.**

422. The Department of Peacekeeping Operations informed the Board that the guidelines for the preparation of the 2006/07 budgets instructed all missions to reduce the ratio of desktop printers to computers to 1:4 (one desktop printer to every four computers) by 30 June 2007. A further follow-up instruction requested them on 30 November 2005 to comply with the ratio. The Department would ensure that the target was achieved before any request for additional or replacement desktop printers were approved.

423. MINUSTAH received some of its hardware from closed or downsizing missions (MINUGUA and UNAMSIL). The equipment had to be upgraded and, as a consequence, many items were written off a short time after delivery. As at 30 July 2005, out of 25 such printers, desktop computers and monitors, 13 had been classified as obsolete ($51,776). The relevance of shipping outdated material is thus questionable. The Department of Peacekeeping Operations commented that some of the items were nevertheless still in use and were scheduled for replacement only at the end of the 2005/06 financial period, as it had not had an alternative source for some urgent equipment.

424. **The Board recommends that the Administration refrain from supplying obsolete or soon-to-be-obsolete equipment.**

28. Contingent-owned equipment

Memorandums of understanding

425. The Board followed up on its previous recommendation regarding the timely finalization of memorandums of understanding.[37] The Board again noted that the memorandums of understanding between certain troop-contributing countries and the United Nations regarding MINUSTAH, MONUC, ONUB, UNAMSIL, UNMIL, UNMIS and UNMISET had still not been signed.

426. The Department of Peacekeeping Operations informed the Board that under normal conditions memorandums of understanding should be signed prior to the deployment of troops. However, many countries' diplomatic missions in New York signed the document only after the completion of a lengthy approval process. In an attempt to further reduce the time required for the signing of memorandums of understanding, the Department of Peacekeeping Operations had initiated visits for troop-contributing countries to familiarize themselves with the mission area and determine the overall equipment level and self-sustainment positions prior to the commencement of negotiations on memorandums of understanding. In addition, the Department did not certify claims for payment unless the relevant memorandum of understanding had been signed by the troop-contributing country.

427. **The Board reiterates its previous recommendation that the Administration continue its efforts to improve the timely finalization of memorandums of understanding.**

D. Acknowledgement

428. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended to its staff by the Secretary-General, the Under-Secretary-General for Management, the Under-Secretary-General for Peacekeeping Operations, the Under-Secretary-General for Internal Oversight Services and members of their staffs, as well as to the staff at the peacekeeping missions.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa
(Lead Auditor)

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit
(Chairman, United Nations Board of Auditors)

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France

31 January 2006

Note: The members of the Board of Auditors have signed only the original English version of the present report.

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[37] Ibid., para. 334.

Annex I

List of missions audited

Active peacekeeping operations

United Nations Peacekeeping Force in Cyprus (UNFICYP)

United Nations Emergency Force (UNEF) 1973 and United Nations Disengagement Observer Force (UNDOF)

United Nations Interim Force in Lebanon (UNIFIL)

United Nations Mission for the Referendum in Western Sahara (MINURSO)

United Nations Observer Mission in Georgia (UNOMIG)

United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL)

United Nations Interim Administration Mission in Kosovo (UNMIK)

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC)

United Nations Transitional Administration in East Timor (UNTAET) and United Nations Mission of Support in East Timor (UNMISET)

United Nations Mission in Ethiopia and Eritrea (UNMEE)

United Nations Mission in Liberia (UNMIL)

United Nations Operation in Côte d'Ivoire (UNOCI), formerly United Nations Mission in Côte d'Ivoire (MINUCI)

United Nations Stabilization Mission in Haiti (MINUSTAH)

United Nations Operation in Burundi (ONUB)

United Nations Mission in the Sudan (UNMIS)

Special-purpose accounts

Peacekeeping Reserve Fund

Support account for peacekeeping operations

United Nations Logistics Base at Brindisi, Italy

Completed peacekeeping operations

United Nations Iraq-Kuwait Observation Mission (UNIKOM)

United Nations Mission in Bosnia and Herzegovina (UNMIBH)

United Nations Mission of Observers in Tajikistan (UNMOT)

United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH), United Nations Civilian Police Mission in Haiti (MIPONUH) and United Nations Mission in Haiti (UNMIH)

United Nations Mission in the Central African Republic (MINURCA)

United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM)

United Nations Preventive Deployment Force (UNPREDEP)

United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and United Nations Civilian Police Support Group (UNPSG)

United Nations Observer Mission in Liberia (UNOMIL)

United Nations Peace Forces (UNPF)

Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA)

United Nations Assistance Mission in Rwanda (UNAMIR) and United Nations Observer Mission to Uganda-Rwanda (UNOMUR)

United Nations Observer Mission in El Salvador (ONUSAL)

United Nations Operation in Mozambique (ONUMOZ)

United Nations Operation in Somalia (UNOSOM)

United Nations Military Liaison Team in Cambodia (UNMLT) and United Nations Transitional Authority in Cambodia (UNTAC)

United Nations Transition Assistance Group (UNTAG)

United Nations Iran-Iraq Military Observer Group (UNIIMOG)

Special Account for the United Nations Emergency Force (UNEF) 1956

Ad Hoc Account for the United Nations Operation in the Congo (ONUC)

Missions funded under the regular budget

United Nations Truce Supervision Organization (UNTSO)

United Nations Military Observer Group in India and Pakistan (UNMOGIP)

Annex II

Summary of status of implementation of recommendations for the financial period ended 30 June 2004[a]

Topic	Year first reported	Implemented	Under implementation	Not implemented	Total	Reference in the present report
1. Financial reporting	2003/04			para. 32	1	para. 38
2. Accuracy of funds monitoring tool		para. 39			1	—
3. Utilization of funds monitoring tool		para. 42			1	—
4. Training users of funds monitoring tool		para. 45			1	—
5. Indicators of performance		para. 48			1	—
6. Redeployment of allotments		para. 51			1	—
7. Non-expendable equipment	2003/04	para. 59	para. 65		2	paras. 231-235
8. Accounts receivable and accounts payable	2003/04		para. 68		1	paras. 45-49
9. Banks and cash	2003/04		para. 71		1	paras. 52-54
10. Journals		para. 73			1	
11. Recommendations of the Special Committee on Peacekeeping Operations and the Panel on United Nations Peace Operations	2003/04	para. 81	paras. 89 and 91		3	paras. 290-298
12. Internal systems for analysis of aviation activities	2003/04	para. 104	para. 101		2	paras. 146-147
13. Narrow gap between budgeted and actual flight hours	2003/04		para. 110		1	paras. 139-145
14. Finalize Air Operations Manual		para. 113			1	—
15. Monitor and complete on-the-job training completion forms	2002/03		para. 116		1	paras. 160-164
16. Provide guidance to missions regarding on-the-job training programmes		para. 119			1	—
17. Development of database to monitor training		para. 122			1	—
18. Executive jets	2002/03	para. 136		para. 139	2	paras. 185-194
19. Aviation assessment	2002/03		para. 144		1	para. 176
20. Aircraft tracking system	2003/04		para. 149		1	paras. 177-179
21. Liability waiver forms		para. 152			1	—

Topic	*Year first reported*	*Implemented*	*Under implementation*	*Not implemented*	*Total*	*Reference in the present report*
22. Aviation performance reports		paras. 157 and 159			2	
23. Strategic deployment stocks assessed contributions		para. 165			1	
24. Strategic deployment stocks, replenishment of new missions		para. 167			1	
25. Recording of strategic deployment stocks		para. 170			1	
26. Issuance of strategic deployment stocks	2003/04		para. 174		1	para. 238
27. Agreements with non-peacekeeping missions	2003/04		para. 177		1	paras. 239-241
28. Policies and procedures relating to strategic deployment stocks	2002/03		para. 180		1	paras. 239-241
29. Sealing of containers		para. 182			1	—
30. Descriptions and coding on Galileo		para. 185			1	—
31. Acknowledgement of receipt	2003/04		para. 188		1	paras. 242-246
32. Inspection and recording of strategic deployment stocks	2003/04	para. 190	para. 193		2	paras. 239-241
33. Rations Management Manual	2003/04		paras. 200 and 203		2	paras. 310-312
34. Performance evaluations	2003/04	paras. 207 and 214	para. 211		3	paras. 313-316
35. Monitoring of rations	2003/04	para. 219	para. 222		2	paras. 317-318
36. Quality assurance programmes		paras. 224 and 228			2	—
37. Promote inter-agency local benchmarking	2003/04		para. 239		1	paras. 75-78
38. Cost-effectiveness	2003/04		paras. 244 and 248		2	—
39. Code of ethics and declarations of independence	2001/02	para. 251	para. 253		2	para. 125
40. Procurement staffing and training	2003/04		para. 258		1	paras. 116-120
41. Procurement planning	2003/04		paras. 260 and 263		2	paras. 107-112
42. Utilization of procurement plans	2002/03		para. 265		1	paras. 113-115

Topic	*Year first reported*	*Implemented*	*Under implementation*	*Not implemented*	*Total*	*Reference in the present report*
43. Registration of prospective vendors	2003/04			paras. 269 and 272	2	paras. 79-83 and 88-93
44. Procurement lead times		para. 274			1	—
45. Performance reports	2001/02		para. 277		1	paras. 84-87
46. Performance bonds	2003/04			para. 280	1	paras. 94-99
47. Management reviews		paras. 283 and 289			2	
48. Results-based budgeting	2003/04	paras. 294, 299, 301	para. 296		4	paras. 413-415
49. Information and communication technology	2003/04		paras. 305 and 311		2	paras. 417-418
50. Leave management	2002/03		para. 314		1	paras. 333-339
51. Grading of posts	2002/03		para. 316		1	paras. 340-341
52. Training evaluation	2002/03		para. 322		1	paras. 342-347
53. Tracking of competency gaps	2003/04		para. 325		1	paras. 348-349
54. Code of conduct	2003/04		para. 332		1	paras. 369-375
55. Contingent-owned equipment	2000/01	para. 338	para. 334		2	paras. 425-427
56. Liquidation of missions		para. 343			1	—
Total		**38 (49 per cent)**	**35 (45 per cent)**	**5 (6 per cent)**	**78**	

[a] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 5* and corrigendum (A/59/5 (Vol. II) and Corr.1), chap. II.

Chapter III

Audit opinion

We have audited the accompanying financial statements of the United Nations peacekeeping operations comprising statements numbered I to XLIII and the supporting notes for the financial period ended 30 June 2005. These financial statements are the responsibility of the Secretary-General of the United Nations. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency and with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Secretary-General, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2005 and the results of its operations and its cash flows for the period then ended, in accordance with the United Nations system accounting standards.

Furthermore, in our opinion, the transactions of the United Nations peacekeeping operations that have come to our notice, or which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations of the United Nations and legislative authority.

Without qualifying our audit opinions expressed above, we draw attention to the review of procurement activities being undertaken by the Office of Internal Oversight Services and to the internal controls review outsourced by the Administration, as reflected in chapter II, paragraphs 65 to 67. We are also cognizant of the forensic audit commissioned by the Administration to expand on these reviews.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa
(Lead Auditor)

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit
(Chairman, United Nations Board of Auditors)

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France

31 January 2006

Note: The members of the Board of Auditors have signed only the original English version of the present audit opinion.

Chapter IV

Certification of the financial statements

1. The financial statements of the United Nations peacekeeping operations for the 12-month period 1 July 2004 to 30 June 2005 have been prepared in accordance with financial rule 106.10.

2. The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarification for the financial activities related to peacekeeping operations undertaken by the Organization during the period covered by the statements, for which the Secretary-General has administrative responsibility.

3. I certify that the appended financial statements of the United Nations peacekeeping operations, numbered I to XLIII, are correct.

(Signed) Warren **Sach**
Assistant Secretary-General, Controller

30 September 2005

Chapter V

Financial statements for the 12-month period from 1 July 2004 to 30 June 2005

Statement I

Summary of United Nations peacekeeping operations a/

Statement of income and expenditure and changes in reserves and fund balances for the period
from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Total active operations		*Peacekeeping Reserve Fund, Programme Support, Logistics Base*	*Total completed operations*	*All peacekeeping fund eliminations*	*Total for the period*	
						1 July 2004 to 30 June 2005	*1 July 2003 to 30 June 2004*
Income							
Assessed contributions	4 393 867		-	-	-	4 393 867	2 927 371
Voluntary contributions	31 972		-	-	-	31 972	28 365
Allocation from other funds	-		138 380	-	(138 380)	-	-
Funding from reserves and fund balances	-		11 653	-	-	11 653	9 235
Interest income	20 827		2 945	5 273	-	29 045	29 384
Other/miscellaneous income	6 162		107 028	93	(98 148)	15 135	11 272
Total income	**4 452 828**		**260 006**	**5 366**	**(236 528)**	**4 481 672**	**3 005 627**
Total expenditure	**4 097 607**	b/	**235 614**	-	**(258 915)**	**4 074 306**	**2 933 807**
Excess (shortfall) of income over expenditure	**355 221**		**24 392**	**5 366**	**22 387**	**407 366**	**71 820**
Prior-period adjustments	(367)		(5 048)	(680)	-	(6 095)	(2 946)
Net excess (shortfall) of income over expenditure	**354 854**		**19 344**	**4 686**	**22 387**	**401 271**	**68 874**
Savings on or cancellation of prior-period obligations	153 822		5 155	8 835	-	167 812	73 592
Credits returned to Member States	(245 597)		-	-	-	(245 597)	(339 575)
Transfers from reserves and fund balances	-		(11 653)	-	-	(11 653)	(9 235)
Reserves and fund balances, beginning of period	**479 733**		**209 006**	**625 895**	**(22 387)**	**1 292 247**	**1 498 591**
Reserves and fund balances, end of period	**742 812**		**221 852**	**639 416**	-	**1 604 080**	**1 292 247**

a/ See note 5.
b/ Schedule 1.1.

The accompanying notes are an integral part of the financial statements.

Schedule 1.1

United Nations peacekeeping operations

Summary of expenditures for active peacekeeping operations for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005

(Thousands of United States dollars)

		Expenditure						
Mission	*Appropriation*	*Military and police personnel*	*Civilian personnel*	*Operational requirements*	*Prorated costs of UNLB and support account*	*Voluntary contributions (budgeted)*	*Total expenditure*	*Unencumbered balance*
UNFICYP	53 266	21 685	12 163	14 777	2 575	1 356	52 556	710
UNDOF	43 033	19 398	7 166	14 256	2 131	-	42 951	82
UNIFIL	97 804	40 509	30 442	18 293	4 844	-	94 088	3 716
MINURSO	46 186	6 374	16 162	18 862	2 181	3 885	47 464	(1 278)
UNOMIG	33 589	3 888	16 653	10 530	1 663	-	32 734	855
UNAMSIL	301 868	140 711	44 330	79 484	10 264	-	274 789	27 079
UNMIK	308 414	106 253	156 162	32 081	13 789	-	308 285	129
MONUC	994 782	379 764	140 862	380 258	36 949	3 113	940 946	53 836
UNTAET/UNMISET	85 214	19 500	33 876	28 173	-	60	81 609	3 605
UNMEE	216 031	85 550	31 113	63 668	10 699	-	191 030	25 001
UNMIL	864 936	393 268	98 619	249 078	42 830	120	783 915	81 021
UNOCI	388 928	152 773	45 791	138 326	10 455	-	347 345	41 583
MINUSTAH	379 047	192 850	56 050	128 335	-	-	377 235	1 812
ONUB	329 714	129 209	49 129	125 456	-	-	303 794	25 920
UNMIS	279 501 a/	15 169	17 353	186 344	-	-	218 866	60 635
Subtotal	**4 422 313**	**1 706 901**	**755 871**	**1 487 921**	**138 380**	**8 534**	**4 097 607**	**324 706**
UNLB - SDS replenishment	106 657 b/	-	-	89 401	-	-	89 401	17 256
Total	**4 528 970**	**1 706 901**	**755 871**	**1 577 322**	**138 380**	**8 534**	**4 187 008** c/	**341 962**

a/ Represents commitment authority.

b/ Represents transfer of SDS to peacekeeping and political missions, thereby generating funds for SDS replenishment.

c/	(Thousands of United States dollars)
Total expenditure per schedule 1.1	4 187 008
Less: prorated costs of UNLB and Support Account per schedule 1.1	(138 380)
Less: SDS replenishments recorded in peacekeeping missions and UNLB	(120 535)
Add: actual costs of UNLB and Support Account per schedules 20.1 and 21.1	146 211
Add: actual expenditure of United Nations Peacekeeping Reserve Fund per statement XIX	2
Total expenditure as per statement I	4 074 306

Statement II

Summary of United Nations peacekeeping operations a/

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	Total active operations	*Peacekeeping Reserve Fund, Programme Support, Logistics Base*	*Total completed operations*	*All peacekeeping funds eliminations*	*Total*	
					2005	*2004 b/*
Assets						
Cash and term deposits	31 522	1 163	2 293	-	34 978	39 283
Cash pool c/	1 213 749	184 916	308 377	-	1 707 042	1 499 765
Assessed contributions receivable from Member States d/	1 105 647	13 607	537 732	-	1 656 986	1 520 687
Special accounts for unpaid assessed contributions	55 552	-	11 962	-	67 514	67 514
Voluntary contributions receivable	5 572	-	-	-	5 572	8 018
Accounts receivable from Member States	3 980	-	135 612 e/	-	139 592	140 889
Other accounts receivable	21 298	4 615	553	(3 021)	23 445	15 524
Inter-fund balances receivable	472	50 031	3 955	(51 046)	3 412	4 418
Due from other peacekeeping funds	-	12 820	41 816	(54 636)	-	-
Deferred charges	8 534	1 248	25	-	9 807	4 141
Inter-office transactions pending processing	170	-	6	-	176	524
Other assets	-	-	2 849	-	2 849	2 849
Total assets	**2 446 496**	**268 400**	**1 045 180**	**(108 703)**	**3 651 373**	**3 303 612**
Liabilities						
Contributions or payments received in advance	98 419	-	537	-	98 956	2 519
Unliquidated obligations	1 248 639	30 184	269	-	1 279 092	1 043 067
Accounts payable to Member States	147 835	-	188 350	-	336 185	620 909
Other accounts payable	92 689	3 981	1 816	(3 021)	95 465	113 839
Inter-fund balances payable	74 156	12 382	374	(51 046)	35 866	28 995
Due to other peacekeeping funds	29 000	-	25 636	(54 636)	-	-
Due to United Nations Special Account	-	-	3 329	-	3 329	3 329
Due to United Nations Bond Account	-	-	44 048	-	44 048	44 048
Voluntary contributions held in suspense	11 985	-	-	-	11 985	11 940
Deferred credits	845	1	127 494 e/	-	128 340	127 867
Inter-office transactions pending processing	116	-	2	-	118	943
Other liabilities	-	-	13 909	-	13 909	13 909
Total liabilities	**1 703 684**	**46 548**	**405 764**	**(108 703)**	**2 047 293**	**2 011 365**
Reserves and fund balances						
Working capital funds	-	150 000	-	-	150 000	150 000
Authorized retained surplus	55 552	-	80 211	-	135 763	128 581
Surplus to be transferred f/	-	-	43 750	-	43 750	43 750
Cumulative surplus - strategic deployment stock activities	-	40 466	-	-	40 466	2 701
Cumulative surplus	687 260	31 386	515 455	-	1 234 101	967 215
Total reserves and fund balances	**742 812**	**221 852**	**639 416**	**-**	**1 604 080**	**1 292 247**
Total liabilities and reserves and fund balances	**2 446 496**	**268 400**	**1 045 180**	**(108 703)**	**3 651 373**	**3 303 612**

a/ See note 5.

b/ Reclassified to conform to current presentation.

c/ See note 2(l)(ii).

d/ Includes assessed contributions unpaid irrespective of collectability.

e/ In accordance with General Assembly resolution 51/12 A of 4 November 1996, includes expenditures totalling $127,379,954, which are reimbursable by Member States as detailed in the report of the Secretary-General (A/54/803). The equivalent amount is also included in deferred credits.

f/ Under the terms of General Assembly resolution 56/292 of 27 June 2002, an amount of $43,750,015 shall be returned to Member States upon their settlement of the separate assessment for strategic deployment stocks.

The accompanying notes are an integral part of the financial statements.

Statement III

Summary of United Nations peacekeeping operations a/

Statement of cash flows for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004 to 30 June 2005	*1 July 2003 to 30 June 2004 b/*
Cash flows from operating activities		
Net excess (shortfall) of income over expenditure (statement I)	401 271	68 874
(Increase) decrease in contributions receivable	(133 853)	(413 609)
(Increase) decrease in other accounts receivable	(6 624)	4 736
(Increase) decrease in other assets	(5 318)	682
(Increase) decrease in inter-fund balances receivable	1 006	2 728
Increase (decrease) in contributions or payments received in advance	96 437	(1 466)
Increase (decrease) in unliquidated obligations	236 025	162 649
Increase (decrease) in accounts payable	(303 098)	263 095
Increase (decrease) in other liabilities	(307)	(1 423)
Increase (decrease) in inter-fund balances payable	6 871	10 632
Less: Interest income	(29 045)	(29 384)
Net cash flows from operating activities	**263 365**	**67 514**
Cash flows from investing activities		
(Increase) decrease in cash pool	(207 277)	172 801
Plus: Interest income	29 045	29 384
Net cash flows from investing activities	**(178 232)**	**202 185**
Cash flows from financing activities		
Savings on or cancellation of prior-period obligations	167 812	73 592
Credits to Member States	(245 597)	(339 575)
Transfer from reserves and fund balances	(11 653)	(9 235)
Net cash flows from financing activities	**(89 438)**	**(275 218)**
Net increase (decrease) in cash and term deposits	(4 305)	(5 519)
Cash and term deposits, beginning of period	39 283	44 802
Cash and term deposits, end of period	**34 978**	**39 283**

a/ See note 5.
b/ Reclassified to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

Statement IV

United Nations Peacekeeping Force in Cyprus (UNFICYP) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	*1 July 2003-30 June 2004*
Income		
Assessed contributions b/	30 212	24 705
Voluntary contributions c/	24 802	22 775
Interest income	260	201
Other/miscellaneous income	166	68
Total income	**55 440**	**47 749**
Total expenditure (schedule 4.1)	**52 556**	**49 145**
Excess (shortfall) of income over expenditure	**2 884**	**(1 396)**
Prior-period adjustments	(40)	(1 521)
Net excess (shortfall) of income over expenditure	**2 844**	**(2 917)**
Savings on or cancellation of prior-period obligations	154	1 158
Credits returned to Member States d/	(1 354)	(1 934)
Reserves and fund balances, beginning of period	19 779	23 472
Reserves and fund balances, end of period e/	**21 423**	**19 779**

Statement IV (concluded)

United Nations Peacekeeping Force in Cyprus (UNFICYP)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	*2004*
Assets		
Cash and term deposits	1 602	1 489
Cash pool f/	8 884	7 758
Assessed contributions receivable from Member States b/	14 220	14 902
Voluntary contributions receivable from Member States g/	5 572	8 018
Accounts receivable from Member States	34	397 h/
Other accounts receivable	92	168 h/
Deferred charges	87	207
Inter-office transactions pending processing	-	12
Total assets	**30 491**	**32 951**
Liabilities		
Contributions or payments received in advance	217	37
Unliquidated obligations - current period	8 069	10 201
Unliquidated obligations - prior periods	78	154
Accounts payable to Member States	-	2 073
Other accounts payable	451	693
Inter-fund balances payable	255	14
Total liabilities	**9 068**	**13 172**
Reserves and fund balances		
Cumulative surplus	21 423	19 779
Total reserves and fund balances	**21 423**	**19 779**
Total liabilities and reserves and fund balances	**30 491**	**32 951**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Includes voluntary contributions payable in cash of $16,945,700 from Cyprus and $6,500,000 from Greece, for which budgetary provisions were made. In addition, voluntary contributions in kind were received from Cyprus and the United Kingdom of $1,342,600 and $13,100, respectively, for which budgetary provisions were made.

d/ Under the terms of General Assembly resolution 59/284 B of 22 June 2005, the total credits returned to Member States were $1,353,900 for the period ended 30 June 2004. Of the total, $701,231 was returned to Member States in respect of their assessments, and the amounts of $451,300 and $201,369 were returned to Greece and Cyprus, respectively, with regard to their voluntary contributions.

e/ For the period from 27 March 1964 to 15 June 1993, obligations recorded in the UNFICYP account are limited to the availability of funds in the special account through voluntary contributions. From the inception of the mission to 30 June 2005, the cumulative unrecorded obligations totalled $194,762,047. The change from the comparable figure as at 30 June 2004 of $196,596,992 is due to exchange rate movements.

f/ Represents share of the cash pool and comprises cash and term deposits of $3,166,364, short-term investments of $3,064,317 (market value $3,064,317), long-term investments of $2,614,503 (market value $2,594,924) and accrued interest receivable of $39,017.

g/ Represents voluntary contributions receivable in cash in respect of the period ended 30 June 2005 of $734,704 and $69,404 for Cyprus and Greece, respectively, and voluntary contributions receivable in respect of the period prior to 15 June 1993 of $4,768,406 (Austria $2,707,500 and Denmark $2,060,906).

h/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 4.1

United Nations Peacekeeping Force in Cyprus (UNFICYP)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Redeployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	23 573	(1 834)	21 739	18 084	3 601	21 685	54
Civilian personnel	11 848	751	12 599	12 095	68	12 163	436
Operational requirements	13 996	1 083	15 079	10 377	4 400	14 777	302
Subtotal	**49 417**	-	**49 417**	**40 556**	**8 069**	**48 625**	**792**
Prorated costs							
United Nations Logistics Base	470	-	470	470	-	470	-
Support account for peacekeeping operations	2 105	-	2 105	2 105	-	2 105	-
Subtotal	**2 575**	-	**2 575**	**2 575**	-	**2 575**	-
Voluntary contributions in kind (budgeted)	1 274	-	1 274	1 356	-	1 356	(82)
Total	**53 266**	-	**53 266**	**44 487**	**8 069**	**52 556**	**710**

Statement V

United Nations Emergency Force (UNEF) 1973
and United Nations Disengagement Observer Force (UNDOF) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	*1 July 2003-30 June 2004*
Income		
Assessed contributions b/	43 033	41 812
Interest income	594	452
Other/miscellaneous income	638	409
Total income	**44 265**	**42 673**
Total expenditure (schedule 5.1)	**42 951**	**41 5[illegible]**
Excess (shortfall) of income over expenditure	**1 314**	**1 126**
Prior-period adjustments	(2)	2
Net excess (shortfall) of income over expenditure	**1 312**	**1 128**
Savings on or cancellation of prior-period obligations	671	465
Credits returned to Member States c/	(1 593)	(1 891)
Reserves and fund balances, beginning of period	58 138	58 436
Reserves and fund balances, end of period	**58 528**	**58 138**

Statement V (concluded)

United Nations Emergency Force (UNEF) 1973 and United Nations Disengagement Observer Force (UNDOF)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005

(Thousands of United States dollars)

	2005	*2004*
Assets		
Cash and term deposits d/	1 475	1 010
Cash pool e/	25 812	24 353
Assessed contributions receivable from Member States b/	11 988	15 892
Special account for unpaid assessed contributions pursuant to General Assembly resolution 36/116 A f/	35 987	35 987
Accounts receivable from Member States	233	495
Other accounts receivable	318	356
Deferred charges	110	73
Total assets	**75 923**	**78 166**
Liabilities		
Contributions or payments received in advance	430	60
Unliquidated obligations - current period	11 186	10 723
Unliquidated obligations - prior periods	3 271	2 511
Accounts payable to Member States	1 142	5 694
Other accounts payable	597	838
Inter-fund balances payable	769	202
Total liabilities	**17 395**	**20 028**
Reserves and fund balances		
Authorized retained surplus g/	35 987	35 987
Cumulative surplus	22 541	22 151
Total reserves and fund balances	**58 528**	**58 138**
Total liabilities, reserves and fund balances	**75 923**	**78 166**

a/ See notes 2, 3 and 4.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 59/306 of 22 June 2005, the total assessment on Member States was reduced by $1,593,400 comprising unencumbered balance and other income for the period ended 30 June 2004.

d/ Includes $237,743 equivalent of non-convertible Syrian pounds.

e/ Represents share of the cash pool and comprises cash and term deposits of $9,206,154, short-term investments of $8,903,809 (market value $8,903,809), long-term investments of $7,597,701 (market value $7,539,939) and accrued interest receivable of $104,653.

f/ See note 4 (b).

g/ See note 6.

The accompanying notes are an integral part of the financial statements.

Schedule 5.1

United Nations Disengagement Observer Force (UNDOF)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Redeployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	19 327	80	19 407	15 403	3 995	19 398	9
Civilian personnel	8 678	(1 484)	7 194	7 148	18	7 166	28
Operational requirements	12 897	1 404	14 301	7 083	7 173	14 256	45
Subtotal	**40 902**	-	**40 902**	**29 634**	**11 186**	**40 820**	**82**
Prorated costs							
United Nations Logistics Base	389	-	389	389	-	389	-
Support account for peacekeeping operations	1 742	-	1 742	1 742	-	1 742	-
Subtotal	**2 131**	-	**2 131**	**2 131**	-	**2 131**	-
Total	**43 033**	-	**43 033**	**31 765**	**11 186**	**42 951**	**82**

Statement VI

United Nations Interim Force in Lebanon (UNIFIL) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	*1 July 2003-30 June 2004*
Income		
Assessed contributions b/	97 804	94 056
Interest income	1 715	2 391
Other/miscellaneous income	717	864
Total income	**100 236**	**97 311**
Total expenditure (schedule 6.1)	**94 088**	**93 952**
Excess (shortfall) of income over expenditure	**6 148**	**3 359**
Prior-period adjustments	(13)	44
Net excess (shortfall) of income over expenditure	**6 135**	**3 403**
Savings on or cancellation of prior-period obligations	2 680	5 060
Credits returned to Member States c/	(71 776)	(15 789)
Reserves and fund balances, beginning of period	157 228	164 554
Reserves and fund balances, end of period	**94 267**	**157 228**

Statement VI (concluded)

United Nations Interim Force in Lebanon (UNIFIL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	1 482	545
Cash pool d/	69 686	130 260
Assessed contributions receivable from Member States b/	51 479	62 756
Special account for unpaid assessed contributions pursuant to General Assembly resolution 36/116 A e/	19 565	19 565
Accounts receivable from Member States	1 622	1 454
Other accounts receivable	541	604
Inter-fund balances receivable	472	-
Deferred charges	306	420
Inter-office transactions pending processing	26	-
Total assets	**145 179**	**215 604**
Liabilities		
Contributions or payments received in advance	4 881	25
Unliquidated obligations - current period	13 817	16 319
Unliquidated obligations - prior periods	9 258	10 245
Accounts payable to Member States	10 282	18 413
Other accounts payable	674	1 112
Voluntary contributions held in suspense f/	11 985	11 940
Inter-fund balances payable	-	306
Deferred credits	15	12
Inter-office transactions pending processing	-	4
Total liabilities	**50 912**	**58 376**
Reserves and fund balances		
Authorized retained surplus g/	19 565	19 565
Cumulative surplus	74 702	137 663
Total reserves and fund balances	**94 267**	**157 228**
Total liabilities and reserves and fund balances	**145 179**	**215 604**

a/ See notes 2, 3 and 4.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 58/307 of 18 June 2004, the total assessment on Member States was reduced by $63,312,709 representing the net accumulated surplus from 1978 to 1993. In addition, General Assembly resolution 59/307 of 22 June 2005 reduced the total assessment on Member States by $8,463,000, comprising unencumbered balance and other income for the period ended 30 June 2004.

d/ Represents share of the cash pool and comprises cash and term deposits of $24,854,042, short-term investments of $24,037,794 (market value $24,037,794), long-term investments of $20,511,668 (market value $20,355,726) and accrued interest receivable of $282,535.

e/ See note 4 (c).

f/ Received from Cyprus, Kuwait, Luxembourg, Oman, Seychelles and Switzerland.

g/ See note 7.

The accompanying notes are an integral part of the financial statements.

Schedule 6.1

United Nations Interim Force in Lebanon (UNIFIL)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Redeployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	40 637	247	40 884	31 726	8 783	40 509	375
Civilian personnel	31 946	(5)	31 941	30 102	340	30 442	1 499
Operational requirements	20 377	(242)	20 135	13 599	4 694	18 293	1 842
Subtotal	**92 960**	-	**92 960**	**75 427**	**13 817**	**89 244**	**3 716**
Prorated costs							
United Nations Logistics Base	884	-	884	884	-	884	-
Support account for peacekeeping operations	3 960	-	3 960	3 960	-	3 960	-
Subtotal	**4 844**	-	**4 844**	**4 844**	-	**4 844**	-
Total	**97 804**	-	**97 804**	**80 271**	**13 817**	**94 088**	**3 716**

Statement VII

United Nations Mission for the Referendum in Western Sahara (MINURSO) a/
Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	*1 July 2003-30 June 2004*
Income		
Assessed contributions b/	44 041	43 401
Voluntary contributions c/	3 885	3 084
Interest income	88	68
Other/miscellaneous income	48	204
Total income	**48 060**	**46 757**
Total expenditure (schedule 7.1)	**47 464**	**43 807**
Excess (shortfall) of income over expenditure	**596**	**2 950**
Prior-period adjustments	(1)	3
Net excess (shortfall) of income over expenditure	**595**	**2 953**
Savings on or cancellation of prior-period obligations	889	919
Credits returned to Member States d/	(3 873)	(5 954)
Reserves and fund balances, beginning of period	30 247	32 329
Reserves and fund balances, end of period	**27 858**	**30 247**

Statement VII (concluded)

United Nations Mission for the Referendum in Western Sahara (MINURSO)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	1 140	2 574
Cash pool e/	1 762	1 616
Assessed contributions receivable from Member States b/	43 652	42 537
Accounts receivable from Member States	588	323
Other accounts receivable	139	300
Deferred charges	31	27
Inter-office transactions pending processing	-	53
Total assets	**47 312**	**47 430**
Liabilities		
Contributions or payments received in advance	203	120
Unliquidated obligations - current period	5 376	3 388
Unliquidated obligations - prior periods	1 234	1 108
Accounts payable to Member States f/	1 866	1 848
Other accounts payable	817	800
Inter-fund balances payable	937	904
Due to United Nations Transition Assistance Group	-	2 000
Due to United Nations Observer Mission in Liberia	-	3 000
Due to United Nations Protection Force	9 000	4 000
Deferred credits	12	1
Inter-office transactions pending processing	9	14
Total liabilities	**19 454**	**17 183**
Reserves and fund balances		
Cumulative surplus	27 858	30 247
Total reserves and fund balances	**27 858**	**30 247**
Total liabilities and reserves and fund balances	**47 312**	**47 430**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contributions in kind from Morocco, Algeria and the Frente Polisario amounting to $3,277,078, $408,120 and $200,000 respectively, for which budgetary provisions have been made for meals, transportation and other miscellaneous services.

d/ Under the terms of General Assembly resolution 59/308 of 22 June 2005, the total assessment on Member States was reduced by $3,872,700, comprising unencumbered balance and other income for the period ended 30 June 2004.

e/ Represents share of the cash pool and comprises cash and term deposits of $628,286, short-term investments of $607,643 (market value $607,643), long-term investments of $516,515 (market value $514,573) and accrued interest receivable of $7,142.

f/ Includes $43,369, representing accounts payable pending settlement which have been transferred from unliquidated obligation to accounts payable.

The accompanying notes are an integral part of the financial statements.

Schedule 7.1

United Nations Mission for the Referendum in Western Sahara (MINURSO)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Redeployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	6 051	354	6 405	5 401	973	6 374	31
Civilian personnel	18 701	(2 478)	16 223	16 022	140	16 162	61
Operational requirements	17 108	2 124	19 232	14 599	4 263	18 862	370
Subtotal	**41 860**	**-**	**41 860**	**36 022**	**5 376**	**41 398**	**462**
Prorated costs							
United Nations Logistics Base	398	-	398	398	-	398	-
Support account for peacekeeping operations	1 783	-	1 783	1 783	-	1 783	-
Subtotal	**2 181**	**-**	**2 181**	**2 181**	**-**	**2 181**	**-**
Voluntary contributions in kind (budgeted)	2 145	-	2 145	3 885	-	3 885	(1 740)
Total	**46 186**	**-**	**46 186**	**42 088**	**5 376**	**47 464**	**(1 278)**

Statement VIII

United Nations Observer Mission in Georgia (UNOMIG) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	*1 July 2003-30 June 2004*
Income		
Assessed contributions b/	33 589	32 093
Interest income	113	156
Other/miscellaneous income	145	168
Total income	**33 847**	**32 417**
Total expenditure (schedule 8.1)	**32 734**	**31 862**
Excess (shortfall) of income over expenditure	**1 113**	**555**
Prior-period adjustments	(2)	4
Net excess (shortfall) of income over expenditure	**1 111**	**559**
Savings on or cancellation of prior-period obligations	744	545
Credits returned to Member States c/	(1 104)	(4 096)
Reserves and fund balances, beginning of period	6 921	9 913
Reserves and fund balances, end of period	**7 672**	**6 921**

Statement VIII (concluded)

United Nations Observer Mission in Georgia (UNOMIG)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	403	919
Cash pool d/	5 411	5 659
Assessed contributions receivable from Member States b/	7 636	8 167
Other accounts receivable	161	149
Deferred charges	126	28
Total assets	**13 737**	**14 922**
Liabilities		
Contributions or payments received in advance	824	2
Unliquidated obligations - current period	2 898	3 823
Unliquidated obligations - prior periods	210	491
Accounts payable to Member States	855	2 029
Other accounts payable	924	1 401
Inter-fund balances payable	354	255
Total liabilities	**6 065**	**8 001**
Reserves and fund balances		
Cumulative surplus	7 672	6 921
Total reserves and fund balances	**7 672**	**6 921**
Total liabilities and reserves and fund balances	**13 737**	**14 922**

a/ See notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Under the terms of General Assembly resolution 59/304 of 22 June 2005, the total assessment on Member States was reduced by $1,104,100, comprising unencumbered balance and other income in respect of the period ended 30 June 2004.

d/ Represents share of the cash pool and comprises cash and term deposits of $1,929,733, short-term investments of $1,866,357 (market value $1,866,358), long-term investments of $1,592,579 (market value $1,580,472) and accrued interest receivable of $21,936.

The accompanying notes are an integral part of the financial statements.

Schedule 8.1

United Nations Observer Mission in Georgia (UNOMIG)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Redeployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	3 931	14	3 945	3 633	255	3 888	57
Civilian personnel	16 322	645	16 967	16 340	313	16 653	314
Operational requirements	11 673	(659)	11 014	8 200	2 330	10 530	484
Subtotal	**31 926**	-	**31 926**	**28 173**	**2 898**	**31 071**	**855**
Prorated costs							
United Nations Logistics Base	303	-	303	303	-	303	-
Support account for peacekeeping operations	1 360	-	1 360	1 360	-	1 360	-
Subtotal	**1 663**	-	**1 663**	**1 663**	-	**1 663**	-
Total a/	**33 589**	-	**33 589**	**29 836**	**2 898**	**32 734**	**855**

a/ In addition, voluntary contributions in kind were received from Switzerland amounting to $13 000 for which no budgetary provisions had been made.

Statement IX

United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	*1 July 2003-30 June 2004*
Income		
Assessed contributions b/	301 868	520 415
Interest income	3 969	5 583
Other/miscellaneous income	760	2 924
Total income	**306 597**	**528 922**
Total expenditure (schedule 9.1)	**274 789**	**472 171**
Excess (shortfall) of income over expenditure	**31 808**	**56 751**
Prior-period adjustments c/	(145)	11
Net excess (shortfall) of income over expenditure	**31 663**	**56 762**
Savings on or cancellation of prior-period obligations	67 625	8 271
Credits returned to Member States d/	(54 055)	(27 223)
Reserves and fund balances, beginning period	56 377	18 567
Reserves and fund balances, end of period	**101 610**	**56 377**

Statement IX (concluded)

United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits e/	1 754	715
Cash pool f/	235 942	319 708
Assessed contributions receivable from Member States b/	54 287	108 559
Accounts receivable from Member States	-	147
Other accounts receivable	957	1 082 g/
Deferred charges	309	125 g/
Inter-fund balances receivable	-	2 972
Inter-office transactions pending processing	23	157
Total assets	**293 272**	**433 465**
Liabilities		
Contributions or payments received in advance	5 561	297
Unliquidated obligations - current period	33 568	84 893
Unliquidated obligations - prior periods	111 669	166 085
Accounts payable to Member States	37 279	114 111
Other accounts payable	3 146	11 605
Inter-fund balances payable	386	-
Deferred credits	45	69
Inter-office transactions pending processing	8	28
Total liabilities	**191 662**	**377 088**
Reserves and fund balances		
Cumulative surplus	101 610	56 377
Total reserves and fund balances	**101 610**	**56 377**
Total liabilities and reserves and fund balances	**293 272**	**433 465**

a/ See notes 2 and 3.
b/ Includes unpaid assessed contributions irrespective of collectability.
c/ Represents adjustment to prior-period income of $142,805 and write-off of $2,100.
d/ Under the terms of General Assembly resolution 59/14 B of 22 June 2005, the total assessment on Member States was reduced by $54,054,600, comprising unencumbered balance and other income in respect of the financial period ended 30 June 2004.
e/ Includes $343,012 equivalent of non-convertible Sierra Leonean leones.
f/ Represents share of the cash pool and comprises cash and term deposits of $84,150,441, short-term investments of $81,386,824 (market value $81,386,824), long-term investments of $69,448,097 (market value $68,920,110) and accrued interest receivable of $956,603.
g/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 9.1

United Nations Mission in Sierra Leone (UNAMSIL)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Redeployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	143 428	7 735	151 163	123 106	17 605	140 711	10 452
Civilian personnel	50 413	(795)	49 618	43 165	1 165	44 330	5 288
Operational requirements	97 763	(6 940)	90 823	64 686	14 798	79 484	11 339
Subtotal	**291 604**	-	**291 604**	**230 957**	**33 568**	**264 525**	**27 079**
Prorated costs							
United Nations Logistics Base	1 873	-	1 873	1 873	-	1 873	
Support account for peacekeeping operations	8 391	-	8 391	8 391	-	8 391	
Subtotal	**10 264**	-	**10 264**	**10 264**	-	**10 264**	-
Total	**301 868**	-	**301 868**	**241 221**	**33 568**	**274 789**	**27 079**

Statement X

United Nations Interim Administration Mission in Kosovo (UNMIK) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	*1 July 2003-30 June 2004*
Income		
Assessed contributions b/	308 414	329 737
Interest income	796	466
Other/miscellaneous income	1 570	1 073
Total income	**310 780**	**331 276**
Total expenditure (schedule 10.1)	**308 285**	**329 728**
Excess (shortfall) of income over expenditure	**2 495**	**1 548**
Prior-period adjustments c/	(149)	(198)
Net excess (shortfall) of income over expenditure	**2 346**	**1 350**
Savings on or cancellation of prior-period obligations	8 078	3 120
Credits returned to Member States d/	(4 470)	(10 804)
Reserves and fund balances, beginning of period	8 048	14 382
Reserves and fund balances, end of period	**14 002**	**8 048**

Statement X (concluded)

United Nations Interim Administration Mission in Kosovo (UNMIK)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2005

(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	1 320	119
Cash pool e/	4 548	4 702
Assessed contributions receivable from Member States b/	77 614	98 476
Accounts receivable from Member States	18	61
Other accounts receivable	1 152	1 157
Deferred charges	103	94
Total assets	**84 755**	**104 609**
Liabilities		
Contributions or payments received in advance	139	-
Unliquidated obligations - current period	19 371	27 105
Unliquidated obligations - prior periods	9 204	14 750
Accounts payable to Member States	14 971	18 586
Other accounts payable	1 957	3 378
Due to United Nations Peace Force	20 000	28 000
Inter-fund balances payable	5 072	4 705
Deferred credits	39	37
Total liabilities	**70 753**	**96 561**
Reserves and fund balances		
Cumulative surplus	14 002	8 048
Total reserves and fund balances	**14 002**	**8 048**
Total liabilities, reserves and fund balances	**84 755**	**104 609**

a/ See notes 2 and 3

b/ Includes unpaid assessed contributions irrespective of collectability

c/ Represents write-off of accounts receivable from various personnel ($144,884) and from a contractor ($4,419)

d/ Under the terms of General Assembly resolution 59/286 B of 22 June 2005, the total assessment on Member States was reduced by $4,470,000, comprising unencumbered balance and other income for the period ended 30 June 2004

e/ Represents share of the cash pool and comprises cash and term deposits of $1,622,141, short-term investments of $1,568,875 (market value $1,568,875), long-term investments of $1,338,728 (market value $1,328,550) and accrued interest receivable of $18,440

The accompanying notes are an integral part of the financial statements

Schedule 10.1

United Nations Interim Administration Mission in Kosovo (UNMIK)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Redeployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	104 093	2 161	106 254	91 227	15 026	106 253	1
Civilian personnel	152 325	3 963	156 288	155 594	568	156 162	126
Operational requirements	38 207	(6 124)	32 083	28 304	3 777	32 081	2
Subtotal	**294 625**	-	**294 625**	**275 125**	**19 371**	**294 496**	**129**
Prorated costs							
United Nations Logistics Base	2 516	-	2 516	2 516	-	2 516	-
Support account for peacekeeping operations	11 273	-	11 273	11 273	-	11 273	-
Subtotal	**13 789**	-	**13 789**	**13 789**	-	**13 789**	-
Total	**308 414**	-	**308 414**	**288 914**	**19 371**	**308 285**	**129**

Statement XI

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	*1 July 2003-30 June 2004*
Income		
Assessed contributions b/	991 715	667 266
Voluntary contributions c/	3 105	2 346
Interest income	2 465	4 631
Other/miscellaneous income	369	957
Total income	**997 654**	**675 200**
Total expenditure (schedule 11.1)	**940 946**	**665 05**[illegible]
Excess (shortfall) of income over expenditure	**56 708**	[illegible]
Prior-period adjustments	(1)	[illegible]
Net excess (shortfall) of income over expenditure	**56 707**	**10 151**
Savings on or cancellation of prior-period obligations	12 055	22 686
Credits returned to Member States	-	(133 437)
Reserves and fund balances, beginning of period	33 005	133 605
Reserves and fund balances, end of period	**101 767**	**33 005**

Statement XI (concluded)

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005

(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	9 432	6 375
Cash pool d/	187 693	232 008
Assessed contributions receivable from Member States b/	279 012	61 666
Accounts receivable from Member States	14	1
Other accounts receivable	4 743	3 750
Deferred charges	1 301	1 239
Inter-fund balances receivable	-	216
Inter-office transactions pending processing	54	81
Total assets	**482 249**	**305 336**
Liabilities		
Contributions or payments received in advance	2 273	11
Unliquidated obligations - current period	284 446	133 847
Unliquidated obligations - prior period	26 562	8 583
Accounts payable to Member States	32 776	108 546
Other accounts payable	31 805	21 260
Inter-fund balances payable	2 365	-
Deferred credits	162	46
Inter-office transactions pending processing	93	38
Total liabilities	**380 482**	**272 331**
Reserves and fund balances		
Cumulative surplus	101 767	33 005
Total reserves and fund balances	**101 767**	**33 005**
Total liabilities and reserves and fund balances	**482 249**	**305 336**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contributions in kind from Fondation Hirondelle for the operation of Radio Okapi, for which budgetary provisions had been made.

d/ Represents share of the cash pool and comprises cash and term deposits of $66,942,124, short-term investments of $64,743,654 (market value $64,743,654), long-term investments of $55,246,330 (market value $54,826,315) and accrued interest receivable of $760,983.

The accompanying notes are an integral part of the financial statements.

Schedule 11.1

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC)
Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Redeployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3-6)
Military and police personnel	383 820	(801)	383 019	258 299	121 465	379 764	3 255
Civilian personnel	149 236	(2 161)	147 075	136 568	4 294	140 862	6 213
Operational requirements	421 710	2 962	424 672	221 571	158 687	380 258	44 414
Subtotal	**954 766**	-	**954 766**	**616 438**	**284 446**	**900 884**	**53 882**
Prorated costs							
United Nations Logistics Base	6 741	-	6 741	6 741	-	6 741	-
Support account for peacekeeping operations	30 208	-	30 208	30 208	-	30 208	-
Subtotal	**36 949**	-	**36 949**	**36 949**	-	**36 949**	-
Voluntary contributions in kind (budgeted)	3 067	-	3 067	3 113	-	3 113	(46)
Total	**994 782**	-	**994 782**	**656 500**	**284 446**	**940 946**	**53 836**

Statement XII

United Nations Transitional Administration in East Timor (UNTAET)/ United Nations Mission of Support in East Timor (UNMISET) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	*1 July 2003-30 June 2004*
Income		
Assessed contributions b/	85 154	217 165
Voluntary contributions c/	60	60
Interest income	614	1 297
Other income	559	865
Total income	**86 387**	**219 387**
Total expenditure (schedule 12.1)	**81 609**	**204 405**
Excess (shortfall) of income over expenditure	**4 778**	**14 982**
Prior-period adjustments	(1)	13
Net excess (shortfall) of income over expenditure	**4 777**	**14 995**
Savings on or cancellation of prior-period obligations	11 999	3 071
Credits returned to Member States d/	(32 650)	-
Reserves and fund balances, beginning of period	35 153	17 087
Reserves and fund balances, end of period	**19 279**	**35 153**

Statement XII (concluded)

United Nations Transitional Administration in East Timor (UNTAET)a/
United Nations Mission of Support in East Timor (UNMISET)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	2 840	2 943
Cash pool e/	16 886	58 324
Assessed contributions receivable from Member States b/	55 360	80 518
Accounts receivable from Member States	419	1 152
Other accounts receivable	1 449	549
Deferred charges	98	28
Inter-office transactions pending processing	1	-
Total assets	**77 053**	**143 514**
Liabilities		
Contributions or payments received in advance	4	3
Unliquidated obligations - current period	9 964	35 082
Unliquidated obligations - prior period	32 603	38 810
Accounts payable to Member States	12 764	29 641
Other accounts payable f/	1 213	3 471
Inter-fund balances payable	1 210	1 219
Deferred credits	14	16
Inter-office transactions pending processing	2	119
Total liabilities	**57 774**	**108 361**
Reserves and fund balances		
Cumulative surplus	19 279	35 153
Total reserves and fund balances	**19 279**	**35 153**
Total liabilities and reserves and fund balances	**77 053**	**143 514**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contribution in kind of $60,000 from Australia for premises for which budgetary provisions were made.

d/ Under the terms of General Assembly resolutions 59/13 A and 59/13 B of 29 October 2004 and 22 June 2005, respectively, the total assessment on Member States was reduced by $32,649,800, comprising $14,583,900 and $18,065,900 in respect of the unencumbered balance and other income for the periods ended 30 June 2003 and 30 June 2004, respectively.

e/ Represents share of the cash pool and comprises cash and term deposits of $6,022,442, short-term investments of $5,824,651 (market value $5,824,651), long-term investments of $4,970,231 (market value $4,932,445) and accrued interest receivable of $68,461.

f/ Includes $77,415 representing accounts payable pending settlement which have been transferred from unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Schedule 12.1

United Nations Mission of Support in East Timor (UNMISET)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Redeployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	17 477	2 225	19 702	16 229	3 271	19 500	202
Civilian personnel	35 940	(1 914)	34 026	32 739	1 137	33 876	150
Operational requirements	31 737	(311)	31 426	22 617	5 556	28 173	3 253
Subtotal	**85 154**	-	**85 154**	**71 585**	**9 964**	**81 549**	**3 605**
Voluntary contributions in kind (budgeted)	60	-	60	60	-	60	-
Total	**85 214**	-	**85 214**	**71 645**	**9 964**	**81 609**	**3 605**

Statement XIII

United Nations Mission in Ethiopia and Eritrea (UNMEE) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	1 July 2003-30 June 2004
Income		
Assessed contributions b/	216 031	196 890
Interest income	996	1 566
Other/miscellaneous income	213	408
Total income	217 240	198 864
Total expenditure (schedule 13.1)	191 030	192 090
Excess (shortfall) of income over expenditure	26 210	6 774
Prior-period adjustments	(13)	7
Net excess (shortfall) of income over expenditure	26 197	6 781
Savings on or cancellation of prior-period obligations	5 957	13 404
Credits returned to Member States c/	(20 185)	(24 505)
Reserves and fund balances, beginning of period	20 183	24 503
Reserves and fund balances, end of period	32 152	20 183

Statement XIII (concluded)

United Nations Mission in Ethiopia and Eritrea (UNMEE)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005

(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits d/	1 661	3 380
Cash pool e/	47 351	87 942
Assessed contributions receivable from Member States b/	35 999	25 095
Accounts receivable from Member States	998	608 f/
Other accounts receivable	582	643 f/
Deferred charges	116	212
Inter-office transactions pending processing	34	89
Total assets	**86 741**	**117 969**
Liabilities		
Contributions or payments received in advance	327	1 201
Unliquidated obligations - current period	33 044	32 115
Unliquidated obligations - prior period	9 710	10 489
Accounts payable to Member States	9 032	50 552
Other accounts payable	1 957	2 620
Inter-fund balances payable	137	788
Deferred credits	382	21
Total liabilities	**54 589**	**97 786**
Reserves and fund balances		
Cumulative surplus	32 152	20 183
Total reserves and fund balances	**32 152**	**20 183**
Total liabilities and reserves and fund balances	**86 741**	**117 969**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 59/303 of 22 June 2005, the total assessment on Member States was reduced by $20,184,500, comprising the unencumbered balance and other income in respect of the financial period ended 30 June 2004.

d/ Includes $87,128 equivalent of non-convertible Eritrean nakfa and $40,072 equivalent of non-convertible Ethiopian birr.

e/ Represents share of the cash pool and comprises cash and term deposits of $16,887,936, short-term investments of $16,333,312 (market value $16,333,312), long-term investments of $13,937,361 (market value $13,831,400) and accrued interest receivable of $191,979.

f/ Reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 13

United Nations Mission in Ethiopia and Eritrea (UNMEE)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005

(Thousands of United States dollars)

	Appropriation			Expenditure			
	Original distribution (1)	Redeployment (2)	Revised distribution (3)	Disbursements (4)	Unliquidated obligations (5)	Total expenditure (6)	Balanc (3 –
Military and police personnel	97 551	(5 103)	92 448	71 314	14 236	85 550	6 89
Civilian personnel	31 157	706	31 863	30 385	728	31 113	75
Operational requirements	76 024	4 997	81 021	45 588	18 080	63 668	17 35
Subtotal	**205 332**	–	**205 332**	**147 287**	**33 044**	**180 331**	**25 00**
Prorated costs							
United Nations Logistics Base	1 952		1 952	1 952		1 952	
Support account for peacekeeping operations	8 747		8 747	8 747		8 747	
Subtotal	**10 699**	–	**10 699**	**10 699**	–	**10 699**	
Total	**216 031**	–	**216 031**	**157 986**	**33 044**	**191 030**	**25 00**

Statement XIV

United Nations Mission in Liberia (UNMIL) a/

Statement of income and expenditure and changes in reserves and fund balances for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005

(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	*1 August 2003-30 June 2004*
Income		
Assessed contributions b/	864 816	564 494
Voluntary contributions c/	120	100
Interest income	5 046	679
Other/miscellaneous income	759	40
Total income	**870 741**	**565 313**
Total expenditure (schedule 14.1)	**783 915**	**548 279**
Net excess (shortfall) of income over expenditure	**86 826**	**17 034**
Savings on or cancellation of prior-period obligations	21 483	-
Credits returned to Member States d/	(17 034)	-
Reserves and fund balances, beginning of period	17 034	-
Reserves and fund balances, end of period	**108 309**	**17 034**

Statement XIV (concluded)

United Nations Mission in Liberia (UNMIL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005

(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	1 754	2 926
Cash pool a/	287 568	85 333
Assessed contributions receivable from Member States b/	51 528	245 075
Other accounts receivable	2 310	817
Deferred charges	1 241	1 795
Inter-office transactions pending processing	6	36
Total assets	**344 407**	**335 982**
Liabilities		
Contributions or payments received in advance	843	-
Unliquidated obligations - current period	183 076	273 117
Unliquidated obligations - prior period	19 754	-
Accounts payable to Member States	20 853	13 274
Other accounts payable	8 702	27 777
Inter-fund balances payable	2 860	4 763
Deferred credits	7	1
Inter-office transactions pending processing	3	16
Total liabilities	**236 098**	**318 948**
Reserves and fund balances		
Cumulative surplus	108 309	17 034
Total reserves and fund balances	**108 309**	**17 034**
Total liabilities and reserves and fund balances	**344 407**	**335 982**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contribution in kind of $120,000 from Germany for premises for which budgetary provisions were made.

d/ Under the terms of General Assembly resolution 59/305 of 22 June 2005, the total assessment on Member States was reduced by $17,034,600, comprising unencumbered balance and other income for the period ended 30 June 2004.

e/ Represents share of the cash pool and comprises cash and term deposits of $102,562,360, short-term investments of $99,195,042 (market value $99,195,042), long-term investments of $84,644,001 (market value $84,000,487) and accrued interest receivable of $1,165,916.

The accompanying notes are an integral part of the financial statements.

Schedule 14.1

United Nations Mission in Liberia (UNMIL)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005

(Thousands of United States dollars)

	Appropriation			Expenditure			
	Original distribution (1)	Redeployment (2)	Revised distribution (3)	Disbursements (4)	Unliquidated obligations (5)	Total expenditure (6)	Balance (3 - 6)
Military and police personnel	414 804	(3 511)	411 293	302 895	90 373	393 268	18 025
Civilian personnel	111 209	31	111 240	94 213	4 406	98 619	12 621
Operational requirements	295 973	3 480	299 453	160 781	88 297	249 078	50 375
Subtotal	**821 986**	-	**821 986**	**557 889**	**183 076**	**740 965**	**81 021**
Prorated costs							
United Nations Logistics Base	7 815		7 815	7 815		7 815	
Support account for peacekeeping operations	35 015		35 015	35 015		35 015	
Subtotal	**42 830**	-	**42 830**	**42 830**	-	**42 830**	-
Voluntary contributions in kind (budgeted)	120		120	120		120	-
Total	**864 936**	-	**864 936**	**600 839**	**183 076**	**783 915**	**81 021**

Statement XV

United Nations Operation in Côte d'Ivoire (UNOCI) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	*1 July 2003-30 June 2004*
Income		
Assessed contributions b/	388 928	96 368
Interest income	1 757	9
Other/miscellaneous income	183	15
Total income	**390 868**	**96 392**
Total expenditure (schedule 15.1)	**347 345**	**83 063**
Excess (shortfall) of income over expenditure	**43 523**	**13 329**
Savings on or cancellation of prior-period obligations	13 862	
Credits returned to Member States c/	(13 329)	
Reserves and fund balances, beginning of period	13 329	
Reserves and fund balances, end of period	**57 385**	**13 329**

Statement XV (concluded)

United Nations Operation in Côte d'Ivoire (UNOCI)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	1 337	2 214
Cash pool d/	71 347	1 959
Assessed contributions receivable from Member States b/	94 234	95 806
Accounts receivable from Member States	2	-
Other accounts receivable	1 117	287
Deferred charges e/	449	11 540
Inter-office transactions pending processing	1	16
Total assets	**168 487**	**111 822**
Liabilities		
Contributions or payments received in advance	52	-
Unliquidated obligations - current period	99 537	55 943
Unliquidated obligations - prior periods	1 000	-
Accounts payable to Member States	732	-
Other accounts payable	6 260	21 424
Inter-fund balances payable	3 521	3 125
Due to United Nations Peacekeeping Reserve Fund	-	18 000
Inter-office transactions pending processing	-	1
Total liabilities	**111 102**	**98 493**
Reserves and fund balances		
Cumulative surplus	57 385	13 329
Total reserves and fund balances	**57 385**	**13 329**
Total liabilities and reserves and fund balances	**168 487**	**111 822**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 59/16 B of 22 June 2005, the total assessment on Member States was reduced by $13,328,900, comprising unencumbered balance and other income for the period ended 30 June 2004.

d/ Represents share of the cash pool and comprises cash and term deposits of $25,446,351, short-term investments of $24,610,652 (market value $24,610,652), long-term investments of $21,000,491 (market value $20,840,833) and accrued interest receivable of $289,268.

e/ Includes $71,883 for shipment of strategic deployment stocks during the period ending 30 June 2005 which will be charged to expenditures in the subsequent financial period.

The accompanying notes are an integral part of the financial statements.

Schedule

United Nations Operation in Côte d'Ivoire (UNOCI)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation			Expenditure			
	Original distribution (1)	Redeployment (2)	Revised distribution (3)	Disbursements (4)	Unliquidated obligations (5)	Total expenditure (6)	(7)
Military and police personnel	161 259		161 259	115 926	36 847	152 773	8 4
Civilian personnel	50 718	(232)	50 486	43 904	1 887	45 791	4 6
Operational requirements	166 496	232	166 728	77 523	60 803	138 326	28 4
Subtotal	**378 473**	–	**378 473**	**237 353**	**99 537**	**336 890**	**41 5**
Prorated costs							
United Nations Logistics Base	1 908	–	1 908	1 908		1 908	
Support account for peacekeeping operations	8 547	–	8 547	8 547		8 547	
Subtotal	**10 455**	–	**10 455**	**10 455**	–	**10 455**	
Total	**388 928**	–	**388 928**	**247 808**	**99 537**	**347 345**	**41 5**

Statement XVI

United Nations Stabilization Mission in Haiti (MINUSTAH) a/
Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	*1 May 2004-30 June 2004*
Income		
Assessed contributions b/	379 047	49 260
Interest income	1 624	2
Total income	**380 671**	**49 262**
Total expenditure (schedule 16.1)	**377 235**	**34 556**
Net excess (shortfall) of income over expenditure	**3 436**	**14 706**
Savings on or cancellation of prior-period obligations	3 211	-
Credits returned to Member States c/	(14 704)	-
Reserves and fund balances, beginning of period	14 706	-
Reserves and fund balances, end of period	**6 649**	**14 706**

Statement XVI (concluded)

United Nations Stabilization Mission in Haiti (MINUSTAH)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	2 153	4 892
Cash pool d/	55 624	2 503
Assessed contributions receivable from Member States b/	76 527	48 975
Accounts receivable from Member States	16	-
Other accounts receivable	1 531	780
Deferred charges e/	2 210	4 584
Inter-office transactions pending processing	-	1
Total assets	**138 061**	**61 735**
Liabilities		
Unliquidated obligations - current period	109 110	26 983
Unliquidated obligations - prior periods	4 626	-
Accounts payable to Member States	4 883	-
Other accounts payable	10 454	8 576
Inter-fund balances payable	2 169	1 470
Due to United Nations Peacekeeping Reserve Fund	-	10 000
Deferred credits	169	-
Inter-office transactions pending processing	1	-
Total liabilities	**131 412**	**47 029**
Reserves and fund balances		
Cumulative surplus	6 649	14 706
Total reserves and fund balances	**6 649**	**14 706**
Total liabilities and reserves and fund balances	**138 061**	**61 735**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 59/17 B of 22 June 2005, the total assessment on Member States was reduced by $14,703,700, comprising unencumbered balance for the period ended 30 June 2004.

d/ Represents share of the cash pool and comprises cash and term deposits of $19,838,533, short-term investments of $19,187,018 (market value $19,187,018), long-term investments of $16,372,443 (market value $16,247,970) and accrued interest receivable of $225,520.

e/ Includes $1,151,140 for shipment of strategic deployment stocks during the period ending 30 June 2005, which will be charged to expenditures in the subsequent financial period.

The accompanying notes are an integral part of the financial statements.

Schedule 16.1

United Nations Stabilization Mission in Haiti (MINUSTAH)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution (1)	*Redeployment* (2)	*Revised distribution* (3)	*Disbursements* (4)	*Unliquidated obligations* (5)	*Total expenditure* (6)	*Balance* (3 - 6)
Military and police personnel	191 279	1 698	192 977	146 299	46 551	192 850	127
Civilian personnel	59 110	(1 926)	57 184	53 698	2 352	56 050	1 134
Operational requirements	128 658	228	128 886	68 128	60 207	128 335	551
Total	**379 047**	-	**379 047**	**268 125**	**109 110**	**377 235**	**1 812**

Statement XVII

United Nations Operation in Burundi (ONUB) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	*21 April 2004-30 June 2004*
Income		
Assessed contributions b/	329 714	49 709
Interest income	1 152	7
Other/miscellaneous income	37	-
Total income	**330 903**	**49 716**
Total expenditure (schedule 17.1)	**303 794**	**40 131**
Net excess (shortfall) of income over expenditure	**27 109**	**9 585**
Savings on or cancellation of prior-period obligations	**4 414**	-
Credits returned to Member States c/	**(9 470)**	-
Reserves and fund balances, beginning of period	**9 585**	-
Reserves and fund balances, end of period	**31 638**	**9 585**

Statement XVII (concluded)

United Nations Operation in Burundi (ONUB)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits d/	1 912	4 576
Cash pool e/	53 621	2 706
Assessed contributions receivable from Member States b/	90 253	49 600
Accounts receivable from Member States	36	-
Other accounts receivable	3 889	430
Deferred charges f/	984	4 968
Inter-office transactions pending processing	4	8
Total assets	**150 699**	**62 288**
Liabilities		
Unliquidated obligations - current period	105 637	35 088
Unliquidated obligations - prior period	4 422	-
Accounts payable to Member States	400	-
Other accounts payable f/	6 549	8 650
Inter-fund balances payable	2 053	303
Due to United Nations Peacekeeping Reserve Fund	-	8 000
Inter-office transactions pending processing	-	662
Total liabilities	**119 061**	**52 703**
Reserves and fund balances		
Cumulative surplus	31 638	9 585
Total reserves and fund balances	**31 638**	**9 585**
Total liabilities and reserves and fund balances	**150 699**	**62 288**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 59/15 B of 22 June 2005, the total assessment on Member States was reduced by $9,470,200, comprising unencumbered balance and interest income in respect of the financial period ended 30 June 2004.

d/ Includes $69,490 equivalent of non-convertible Burundi francs.

e/ Represents share of the cash pool and comprises cash and term deposits of $19,124,332, short-term investments of $18,496,259 (market value $18,496,259), long-term investments of $15,783,024 (market value $15,663,032) and accrued interest receivable of $217,401.

f/ Includes $809,544 for shipment of strategic deployment stocks during the period ended 30 June 2005, which will be charged to expenditure in the subsequent financial period.

The accompanying notes are an integral part of the financial statements.

Schedule 17.1

United Nations Operation in Burundi (ONUB)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation			Expenditure			
	Original distribution (1)	Redeployment (2)	Revised distribution (3)	Disbursements (4)	Unliquidated obligations (5)	Total expenditure (6)	Balance (3 - 6)
Military and police personnel	143 297	(1 500)	141 797	99 261	29 948	129 209	12 588
Civilian personnel	50 589	-	50 589	46 205	2 924	49 129	1 460
Operational requirements	135 828	1 500	137 328	52 691	72 765	125 456	11 872
Total	**329 714**	-	**329 714**	**198 157**	**105 637**	**303 794**	**25 920**

Statement XVIII

United Nations Mission in the Sudan (UNMIS) a/ b/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period
	1 July 2004-30 June 2005
Income	
Assessed contributions c/	279 501
Interest income d/	(362)
Total income	**279 139**
Total expenditure (schedule 18.1)	**218 866**
Net excess (shortfall) of income over expenditure	**60 273**
Reserves and fund balances, end of period	**60 273**

Statement XVIII (concluded)

United Nations Mission in the Sudan (UNMIS)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005

(Thousands of United States dollars)

	2005
Assets	
Cash and term deposits	1 257
Cash pool e/	141 591
Assessed contributions receivable from Member States c/	161 958
Other accounts receivable	2 317
Deferred charges f/	1 969
Inter-office transactions pending processing	71
Total assets	**308 130**
Liabilities	
Contributions or payments received in advance	103 485
Unliquidated obligations — current period	113 541
Other accounts payable	17 183
Inter-fund balances payable	13 648
Total liabilities	**247 857**
Reserves and fund balances	
Cumulative surplus	60 273
Total reserves and fund balances	**60 273**
Total liabilities and reserves and fund balances	**308 130**

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a/ See notes 2 and 3.

b/ Pursuant to section IV of General Assembly resolution 49/233 A of 23 December 1994, the Advisory Committee on Administrative and Budgetary Questions concurred with the Secretary-General's request to enter into commitments not exceeding $99,099,400 for the period from 1 July 2004 to 30 June 2005. Security Council resolution 1590 (2005) of 24 March 2005 established UNMIS for an initial period of six months from 24 March 2005. General Assembly resolution 59/292 of 21 April 2005 appropriated an amount of $279,101,300 for the period 1 July 2004 to 30 June 2005, inclusive of the amount of $99,099,400 previously authorized by the Advisory Committee.

c/ Includes unpaid assessed contributions irrespective of collectability.

d/ Loss arises because interest income was more than offset by declines in market values of short-term investments. See note 2 (i) (iii).

e/ Represents share of the cash pool and comprises cash and term deposits of $50,537,621; short-term investments of $48,548,682 (market value $48,840,882); long-term investments of $41,930,190 (market value $41,296,290) and accrued interest receivable of $574,118.

f/ Includes $969,000 for shipment of strategic deployment stocks during the period ending 30 June 2005 which will be charged to expenditures in the subsequent financial period.

The accompanying notes are an integral part of the financial statements.

Schedule 18.1

United Nations Mission in the Sudan (UNMIS)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Commitment authority			Expenditure			
	Original distribution (1)	Redeployment (2)	Revised distribution (3)	Disbursements (4)	Unliquidated obligations (5)	Total expenditure (6)	Balance (3-6)
Military and police personnel	40 263	2 000	42 263	9 871	5 298	15 169	27 094
Civilian personnel	12 949	4 856	17 805	16 497	856	17 353	452
Operational requirements	226 289	(6 856)	219 433	96 557	89 787	186 344	33 089
Total	**279 501**	-	**279 501**	**122 925**	**95 941**	**218 866**	**60 635**

Statement XIX

United Nations Peacekeeping Reserve Fund a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	1 July 2003-30 June 2004
Income		
Interest income	2 916	2 745
Total income	**2 916**	**2 745**
Total expenditure	**2**	**2**
Net excess (shortfall) of income over expenditure	**2 914**	**2 743**
Transfer to other funds		(33 250)
Reserves and fund balances, beginning of period	163 790	194 297
Reserves and fund balances, end of period	**165 884**	**163 790**

Statement XIX (concluded)

United Nations Peacekeeping Reserve Fund

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	51	51
Cash pool b/	152 909	114 894
Assessed contributions receivable from Member States c/	25	25
Due from the United Nations Mission in the Central African Republic	12 820	12 820
Due from the United Nations Operation in Côte d'Ivoire	–	18 000
Due from the United Nations Operation in Burundi	–	8 000
Due from the United Nations Stabilization Mission in Haiti	–	10 000
Total assets	**165 805**	**163 790**
Liabilities		
Inter-fund balances payable	1	–
Total liabilities	**1**	**–**
Reserves and fund balances		
Working capital funds	150 000	150 000
Cumulative surplus d/	15 804	13 790
Total reserves and fund balances	**165 804**	**163 790**
Total liabilities and reserves and fund balances	**165 805**	**163 790**

a/ See notes 2 and 3.

b/ Represents share of the cash pool and comprises cash and term deposits of $54,536,005, short-term investments of $52,744,976 (market value $52,744,976), long-term investments of $45,007,746 (market value $44,665,571) and accrued interest receivable of $619,953.

c/ Contributions assessed on Member States that joined the United Nations subsequent to the adoption of General Assembly resolution 47/217 of 23 December 1992 establishing the Peacekeeping Reserve Fund.

d/ Under the terms of General Assembly resolution 59/297 of 22 June 2005, the excess balance of $13,790,000 for the period ending 30 June 2004 shall be applied to meet the requirements of the support account for peacekeeping operations for the period from 1 July 2005 to 30 June 2006.

The accompanying notes are an integral part of the financial statements.

Statement XX

Support account for peacekeeping operations a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Period	
	1 July 2004-30 June 2005	1 July 2003-30 June 2004
Income		
Funding from other funds	-	33 250
Allocation from other funds b/	113 132	70 294
Funding from reserves and fund balances c/	8 479	8 532
Interest income	583	634
Other/miscellaneous income	55	115
Total income	**122 249**	**112 825**
Total expenditure (schedule 20.1)	**118 026**	**111 201**
Excess (shortfall) of income over expenditure	**4 223**	**1 624**
Prior-period adjustments		2
Net excess (shortfall) of income over expenditure	**4 223**	**1 626**
Savings on or cancellation of prior-period obligations	1 484	1 122
Transfers from reserves and fund balances c/	(8 479)	(8 532)
Reserves and fund balances, beginning of period	13 365	19 149
Reserves and fund balances, end of period	**10 593**	**13 365**

Statement XX (concluded)

Support account for peacekeeping operations

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	5	71
Cash pool [d]	27 435	26 378
Other accounts receivable	638	449
Deferred charges	1 185	1 130
Total assets	**29 263**	**28 028**
Liabilities		
Unliquidated obligations - current period	4 204	3 686
Other accounts payable	2 084	2 232
Inter-fund balances payable	12 381	8 745
Deferred credit	1	-
Total liabilities	**18 670**	**14 663**
Reserves and fund balances		
Cumulative surplus	10 593	13 365
Total reserves and fund balances	**10 593**	**13 365**
Total liabilities and reserves and fund balances	**29 263**	**28 028**

[a] See notes 2 and 3.

[b] Under the terms of General Assembly resolution 58/298 of 18 June 2004, an amount of $113,131,700 is prorated among the budgets of the active peacekeeping operations, in order to partially meet the resources required for the period from 1 July 2004 to 30 June 2005.

[c] Under the terms of General Assembly resolution 58/298 of 18 June 2004, an amount of $8,478,600 in respect of the unencumbered balance and other income for the period ended 30 June 2003 is applied to meet the resources required for the period from 1 July 2004 to 30 June 2005.

[d] Represents share of the cash pool and comprises cash and term deposits of $9,784,804, short-term investments of $9,463,459 (market value $9,463,459), long-term investments of $8,075,252 (market value $8,013,859) and accrued interest receivable of $111,231.

The accompanying notes are an integral part of the financial statements.

Schedule 20.1

Support account for peacekeeping operations

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation			Expenditure			
	Original distribution (1)	Redeployment (2)	Revised distribution (3)	Disbursements (4)	Unliquidated obligations (5)	Total expenditure (6)	Balance (3-6)
Civilian personnel	100 811	(266)	100 545	97 244	1 019	98 263	2 282
Operational requirements	20 800	266	21 066	16 578	3 185	19 763	1 303
Total	**121 611**	-	**121 611**	**113 822**	**4 204**	**118 026**	**3 585**

Statement XXI

United Nations Logistics Base at Brindisi, Italy (UNLB) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Strategic deployment stocks activities	Other UNLB activities	2005 total	2004 total
Income				
Allocation from other funds b/	-	25 248	25 248	21 505
Funding from reserves and fund balances c/	-	3 174	3 174	703
Interest income	-	346	346	1 382
Other/miscellaneous income	106 657 d/	316	106 973	81 577
Total income	**106 657**	**29 084**	**135 741**	**105 167**
Total expenditure (schedule 21.1)	**89 401**	**28 185**	**117 586**	**133 611**
Excess (shortfall) of income over expenditure	**17 256**	**899**	**18 155**	**(28 444)**
Prior-period adjustments	(5 048) e/	-	(5 048)	8
Net excess (shortfall) of income over expenditure	**12 208**	**899**	**13 107**	**(28 436)**
Savings on or cancellation of prior-period obligations	3 170 f/	501	3 671	639
Transfers from reserves and fund balances c/	-	(3 174)	(3 174)	(703)
Reserves and fund balances, beginning of period	25 088 g/	6 763	31 851	60 351
Reserves and fund balances, end of period	**40 466**	**4 989**	**45 455**	**31 851**

Statement XXI (concluded)

United Nations Logistics Base at Brindisi, Italy (UNLB)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	1 107	401
Cash pool [h]	4 572	37 239
Assessed contributions receivable from Member States [i]	13 582	13 582
Other accounts receivable [j]	3 977	25 590
Deferred charges	63	33
Inter-fund balances receivable	50 031	-
Inter-office transactions pending processing	-	64
Total assets	**73 332**	**76 909**
Liabilities		
Contributions or payments received in advance	-	96
Unliquidated obligations	25 980	27 300
Other accounts payable	1 897	17 251
Inter-fund balances payable	-	411
Total liabilities	**27 877**	**45 058**
Reserves and fund balances		
Cumulative surplus - strategic deployment stocks activities	40 466	25 088
Cumulative surplus - other UNLB activities	4 989	6 763
Total reserves and fund balances	**45 455**	**31 851**
Total liabilities and reserves and fund balances	**73 332**	**76 909**

[a] See notes 2 and 3.

[b] In accordance with General Assembly resolution 58/297 of 18 June 2004, part of the cost estimates, amounting to $25,248,300, are allocated on a prorated basis among the individual active peacekeeping missions.

[c] Under the terms of General Assembly resolution 58/297, an amount of $3,173,700 in respect of the unencumbered balance and other income for the period ended 30 June 2003 is applied to meet the resources required for the period from 1 July 2004 to 30 June 2005.

[d] Represents SDS shipments at replacement values to peacekeeping and political missions, thereby generating funds for replenishment.

[e] Represents adjustments as the underlying transactions did not pertain to SDS shipments.

[f] Represents savings on or cancellation of prior-period obligations of $3,667,646 offset by losses on exchange of $497,980 in accordance with General Assembly resolution 59/299 of 22 June 2005.

[g] See note 10.

[h] Represents share of the cash pool and comprises cash and term deposits of $1,630,671, short-term investments of $1,577,115 (market value $1,577,115), long-term investments of $1,345,768 (market value $1,335,537) and accrued interest receivable of $18,537.

[i] Includes unpaid assessed contributions, irrespective of collectability.

[j] Includes $3,429,242 resulting from SDS shipments, which will be settled in a subsequent period.

The accompanying notes are an integral part of the financial statements.

Schedule 21.1

United Nations Logistics Base at Brindisi, Italy (UNLB)

Expenditure for the period from 1 July 2004 to 30 June 2005 as at 30 June 2005
(Thousands of United States dollars)

	Appropriation [a]			Expenditure			
	Original distribution (1)	Redeployment (2)	Revised distribution (3)	Disbursements (4)	Unliquidated obligations (5)	Total expenditure (6)	Balance (3 - 6)
Strategic deployment stocks activities							
Replenishment of strategic deployment stocks arising from transfers to peacekeeping and political missions	106 657	-	106 657	71 235	18 166	89 401	17 256
Subtotal	**106 657**	**-**	**106 657**	**71 235**	**18 166**	**89 401**	**17 256**
Other UNLB activities							
Civilian personnel	10 153	60	10 213	10 002	118	10 120	93
Operational requirements	18 269	(60)	18 209	10 369	7 696	18 065	144
Subtotal	**28 422**	**-**	**28 422**	**20 371**	**7 814**	**28 185**	**237**
Total	**135 079**	**-**	**135 079**	**91 606**	**25 980**	**117 586**	**17 493**

[a] Appropriations do not apply to strategic deployment stock activities. Instead, strategic deployment stocks are replenished as a result of transfers to peacekeeping and political missions.

Statement XXII

United Nations Iraq-Kuwait Observation Mission (UNIKOM) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 9 April 1991 to 31 October 2003 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	9 April 1991 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	373 899	-	-
Voluntary contributions	339 827	-	-
Interest income	22 234	778	962
Other/miscellaneous income	6 942	125	673
Total income	**742 902**	**903**	**1 635**
Total expenditure	**647 152**	**-**	**7 021**
Excess (shortfall) of income over expenditure	**95 750**	**903**	**(5 386)**
Prior-period adjustments	(519)	(42)	(10)
Net excess (shortfall) of income over expenditure	**95 231**	**861**	**(5 396)**
Savings on or cancellation of prior-period obligations	22 461	908	1 412
Credits returned to Member States	(72 932)	-	(12 657)
Reserves and fund balances, beginning of period	-	44 760	61 401
Reserves and fund balances, end of period	**44 760**	**46 529**	**44 760**

Statement XXII (concluded)

United Nations Iraq-Kuwait Observation Mission (UNIKOM)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	*2004*
Assets		
Cash and term deposits	1 219	3 203
Cash pool c/	42 121	49 602
Assessed contributions receivable from Member States b/	4 724	5 461
Accounts receivable from Member States	1	3
Other accounts receivable	8	77
Inter-fund balances receivable	29	-
Total assets	**48 102**	**58 346**
Liabilities		
Contributions or payments received in advance	10	56
Unliquidated obligations - current period	-	256
Unliquidated obligations - prior periods	143	1 627
Accounts payable to Member States	1 219	11 095
Other accounts payable d/	200	272
Inter-fund balances payable	-	212
Deferred credits	-	8
Inter-office transactions pending processing	1	60
Total liabilities	**1 573**	**13 586**
Reserves and fund balances		
Cumulative surplus	46 529	44 760
Total reserves and fund balances	**46 529**	**44 760**
Total liabilities and reserves and fund balances	**48 102**	**58 346**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents net share of the cash pool and comprises cash and term deposits of $15,022,850, short-term investments of $14,529,488 (market value $14,529,488), long-term investments of $12,398,132 (market value $12,303,874) and accrued interest receivable of $170,776.

d/ Includes $174,939 representing accounts payable pending settlement which have been transferred from unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Statement XXIII

United Nations Mission in Bosnia and Herzegovina (UNMIBH) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 January 1996 to 30 June 2003 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	1 January 1996 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	1 127 149	-	-
Voluntary contributions	158	-	-
Interest income	17 152	376	506
Other/miscellaneous income	19 884	40	46
Total income	**1 164 343**	**416**	**552**
Total expenditure	**986 685**	**-**	**-**
Excess (shortfall) of income over expenditure	**177 658**	**416**	**552**
Prior-period adjustments c/	(723)	(193)	(723)
Net excess (shortfall) of income over expenditure	**176 935**	**223**	**(171)**
Savings on or cancellation of prior-period obligations	24 799	1 208	2 186
Credits returned to Member States	(156 864)	-	(16 840)
Reserves and fund balances, beginning of period	-	44 870	59 695
Reserves and fund balances, end of period	**44 870**	**46 301**	**44 870**

Statement XXIII (concluded)

United Nations Mission in Bosnia and Herzegovina (UNMIBH)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	*2004*
Assets		
Cash and term deposits	72	59
Cash pool d/	19 397	26 278
Assessed contributions receivable from Member States b/	35 839	37 629
Accounts receivable from Member States	11	12
Other accounts receivable	4	45
Inter-office transactions pending processing	6	2
Total assets	**55 329**	**64 025**
Liabilities		
Contributions or payments received in advance	380	404
Unliquidated obligations - prior periods	126	1 358
Accounts payable to Member States	8 116	16 538
Other accounts payable	392	651
Inter-fund balances payable	12	202
Deferred credits	1	1
Inter-office transactions pending processing	1	1
Total liabilities	**9 028**	**19 155**
Reserves and fund balances		
Authorized retained surplus e/	7 182	-
Cumulative surplus	39 119	44 870
Total reserves and fund balances	**46 301**	**44 870**
Total liabilities and reserves and fund balances	**55 329**	**64 025**

a/ See notes 2 and 3

b/ Includes unpaid assessed contributions irrespective of collectability

c/ Represents travel charges of $134,874, civilian personnel costs of $57,267 and other miscellaneous charges of $1,320

d/ Represents share of the cash pool and comprises cash and term deposits of $6,918,236, short-term investments of $6,691,022 (market value $6,691,022), long-term investments of $5,709,516 (market value $5,666,109) and accrued interest receivable of $78,645

e/ See note 8

The accompanying notes are an integral part of the financial statements

Statement XXIV

United Nations Mission of Observers in Tajikistan (UNMOT) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 16 December 1994 to 15 May 2000 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	16 December 1994 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	72 145	-	-
Voluntary contributions	2 057	-	-
Interest income	3 580	93	141
Other/miscellaneous income	791	-	2
Total income	**78 573**	**93**	**143**
Total expenditure	**59 414**	-	-
Excess (shortfall) of income over expenditure	**19 159**	**93**	**143**
Prior-period adjustments	(994)	(1)	(90)
Net excess (shortfall) of income over expenditure	**18 165**	**92**	**53**
Savings on or cancellation of prior-period obligations	4 478	123	40
Credits returned to Member States	(20 556)	-	(3 675)
Reserves and fund balances, beginning of period	-	2 087	5 669
Reserves and fund balances, end of period	**2 087**	**2 302**	**2 087**

Statement XXIV (concluded)

United Nations Mission of Observers in Tajikistan (UNMOT)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	*2004*
Assets		
Cash and term deposits	18	25
Cash pool c/	4 731	6 712
Assessed contributions receivable from Member States b/	23	59
Inter-fund balances receivable	2	-
Total assets	**4 774**	**6 796**
Liabilities		
Contributions or payments received in advance	5	5
Unliquidated obligations - prior periods	-	123
Accounts payable to Member States	2 467	4 580
Inter-fund balances payable	-	1
Total liabilities	**2 472**	**4 709**
Reserves and fund balances		
Cumulative surplus	2 302	2 087
Total reserves and fund balances	**2 302**	**2 087**
Total liabilities and reserves and fund balances	**4 774**	**6 796**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $1,687,168, short-term investments of $1,631,754 (market value $1,631,754), long-term investments of $1,392,395 (market value $1,381,809) and accrued interest receivable of $19,179.

The accompanying notes are an integral part of the financial statements.

Statement XXV

United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 1996 to 15 March 2000 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	1 July 1996 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	133 035	-	-
Voluntary contributions	4 766	-	-
Interest income	3 520	34	34
Other/miscellaneous income	3 913	1	1
Total income	**145 234**	**35**	**35**
Total expenditure	**123 566**	-	-
Excess (shortfall) of income over expenditure	**21 668**	**35**	**35**
Prior-period adjustments	(264)	(1)	(4)
Net excess (shortfall) of income over expenditure	**21 404**	**34**	**31**
Savings on or cancellation of prior-period obligations	4 421	209	227
Credits returned to Member States	(14 127)	-	-
Reserves and fund balances, beginning of period	-	11 698	11 440
Reserves and fund balances, end of period	**11 698**	**11 941**	**11 698**

Statement XXV (concluded)

United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	*2004*
Assets		
Cash and term deposits	81	50
Cash pool c/	1 938	1 955
Assessed contributions receivable from Member States b/	19 457	19 536
Accounts receivable from Member States	50	50
Inter-fund balances receivable	33	-
Total assets	**21 559**	**21 591**
Liabilities		
Contributions or payments received in advance	1	48
Unliquidated obligations - prior periods	-	209
Accounts payable to Member States	242	270
Other accounts payable	9	-
Due to United Nations Mission in Haiti	9 366	9 366
Total liabilities	**9 618**	**9 893**
Reserves and fund balances		
Authorized retained surplus d/	11 186	11 186
Cumulative surplus	755	512
Total reserves and fund balances	**11 941**	**11 698**
Total liabilities and reserves and fund balances	**21 559**	**21 591**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $691,195, short-term investments of $668,485 (market value $668,485), long-term investments of $570,433 (market value $566,096) and accrued interest receivable of $7,857.

d/ See note 8.

The accompanying notes are an integral part of the financial statements.

Statement XXVI

United Nations Mission in the Central African Republic (MINURCA) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 15 April 1998 to 15 February 2000 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	15 April 1998 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	123 075	-	-
Voluntary contributions	4 527	-	-
Interest income	968	1	1
Other/miscellaneous income	764	1	1
Total income	**129 334**	**2**	**2**
Total expenditure	**121 423**	-	-
Excess (shortfall) of income over expenditure	**7 911**	**2**	**2**
Prior-period adjustments	(107)	(9)	(13)
Net excess (shortfall) of income over expenditure	**7 804**	**(7)**	**(11)**
Savings on or cancellation of prior-period obligations	9 782	455	3 128
Credits returned to Member States	(6 284)	-	-
Reserves and fund balances, beginning of period	-	11 302	8 185
Reserves and fund balances, end of period	**11 302**	**11 750**	**11 302**

Statement XXVI (concluded)

United Nations Mission in the Central African Republic (MINURCA)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	40	78
Cash pool c/	102	1
Assessed contributions receivable from Member States b/	35 603	35 697
Total assets	**35 745**	**35 776**
Liabilities		
Contributions or payments received in advance	35	35
Unliquidated obligations - prior periods	-	278
Accounts payable to Member States	7 489	7 728
Inter-fund balances payable	201	163
Due to United Nations Peacekeeping Reserve Fund	12 820	12 820
Due to United Nations Mission in Haiti	3 200	3 200
Due to United Nations Peace Forces	250	250
Total liabilities	**23 995**	**24 474**
Reserves and fund balances		
Authorized retained surplus d/	6 236	6 236
Cumulative surplus	5 514	5 066
Total reserves and fund balances	**11 750**	**11 302**
Total liabilities and reserves and fund balances	**35 745**	**35 776**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $36,404, short-term investments of $35,202 (market value $35,202), long-term investments of $30,044 (market value $29,815) and accrued interest receivable of $414.

d/ See note 8.

The accompanying notes are an integral part of the financial statements.

Statement XXVII

United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 3 January 1989 to 26 February 1999 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	3 January 1989 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	1 267 792	-	-
Funding from reserves and fund balances	12 458	-	-
Interest income	36 904	566	699
Other/miscellaneous income	30 489	227	15
Total income	**1 347 643**	**793**	**714**
Total expenditure	**1 203 359**	**-**	**-**
Excess (shortfall) of income over expenditure	**144 284**	**793**	**714**
Prior-period adjustments c/	(21 903)	(168)	26
Net excess (shortfall) of income over expenditure	**122 381**	**625**	**740**
Savings on or cancellation of prior-period obligations	51 509	25	-
Credits returned to Member States	(95 681)	-	(21 100)
Transfer from reserves and fund balances	(12 458)	-	-
Reserves and fund balances, beginning of period	-	65 751	86 111
Reserves and fund balances, end of period	**65 751**	**66 401**	**65 751**

Statement XXVII (concluded)

United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	*2004*
Assets		
Cash and term deposits	85	71
Cash pool d/	30 775	42 309
Assessed contributions receivable from Member States b/	35 873	36 406
Accounts receivable from Member States	8 120	8 129
Other accounts receivable	540	569
Inter-fund balances receivable	278	-
Total assets	**75 671**	**87 484**
Liabilities		
Contributions or payments received in advance	7	3
Unliquidated obligations - prior periods	-	1 601
Accounts payable to Member States	8 568	18 728
Other accounts payable	624	731
Inter-fund balances payable	-	591
Deferred credits	71	79
Total liabilities	**9 270**	**21 733**
Reserves and fund balances		
Cumulative surplus	66 401	65 751
Total reserves and fund balances	**66 401**	**65 751**
Total liabilities and reserves and fund balances	**75 671**	**87 484**

a/ See notes 2 and 3.
b/ Includes unpaid assessed contributions irrespective of collectability.
c/ Represents write-offs of accounts receivable of $29,808, transportation and personnel costs of $133,189 and bank charges of $4,448.
d/ Represents share of the cash pool and comprises cash and term deposits of $10,976,284, short-term investments of $10,615,801 (market value $10,615,801), long-term investments of $9,058,562 (market value $8,989,694) and accrued interest receivable of $124,776.

The accompanying notes are an integral part of the financial statements.

Statement XXVIII

United Nations Preventive Deployment Force (UNPREDEP) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 January 1996 to 15 October 1999 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	1 January 1996 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	166 563	-	-
Voluntary contributions	2	-	-
Funding from reserves and fund balances	904	-	-
Interest income	18 952	285	338
Other/miscellaneous income	3 984	-	-
Total income	**190 405**	**285**	**338**
Total expenditure	**152 276**	**-**	**-**
Excess (shortfall) of income over expenditure	**38 129**	**285**	**338**
Prior-period adjustments	(200)	(33)	-
Net excess (shortfall) of income over expenditure	**37 929**	**252**	**338**
Savings on or cancellation of prior-period obligations	10 072	716	2 732
Credits returned to Member States	(38 489)	-	(3 201)
Transfer from reserves and fund balances	(904)	-	-
Reserves and fund balances, beginning of period	-	8 608	8 739
Reserves and fund balances, end of period	**8 608**	**9 576**	**8 608**

Statement XXVIII (concluded)

United Nations Preventive Deployment Force (UNPREDEP)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	49	47
Cash pool c/	15 858	18 356
Assessed contributions receivable from Member States b/	1 310	1 392
Inter-fund balances receivable	18	2
Total assets	**17 235**	**19 797**
Liabilities		
Contributions or payments received in advance	17	18
Unliquidated obligations - prior periods	-	716
Accounts payable to Member States	7 642	10 455
Total liabilities	**7 659**	**11 189**
Reserves and fund balances		
Cumulative surplus	9 576	8 608
Total reserves and fund balances	**9 576**	**8 608**
Total liabilities and reserves and fund balances	**17 235**	**19 797**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $5,655,929, short-term investments of $5,470,174 (market value $5,470,174), long-term investments of $4,667,753 (market value $4,632,266) and accrued interest receivable of $64,295.

The accompanying notes are an integral part of the financial statements.

Statement XXIX

United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and Civilian Police Support Group a/

Statement of income and expenditure and changes in reserves and fund balances for the period from 15 January 1996 to 30 November 1998 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	15 January 1996 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	517 546	-	-
Voluntary contributions	298	-	-
Interest income	29 172	409	562
Other/miscellaneous income	4 158	-	3
Total income	**551 174**	**409**	**565**
Total expenditure	**461 345**	-	-
Excess (shortfall) of income over expenditure	**89 829**	**409**	**565**
Prior-period adjustments	(1 415)	(2)	41
Net excess (shortfall) of income over expenditure	**88 414**	**407**	**606**
Savings on or cancellation of prior-period obligations	32 771	-	1 379
Credits returned to Member States	(99 234)	-	(6 596)
Reserves and fund balances, beginning of period	-	21 951	26 562
Reserves and fund balances, end of period	**21 951**	**22 358**	**21 951**

Statement XXIX (concluded)

United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and Civilian Police Support Group

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	*2004*
Assets		
Cash and term deposits	50	65
Cash pool c/	22 220	27 348
Assessed contributions receivable from Member States b/	9 049	9 405
Inter-fund balances receivable	154	48
Total assets	**31 473**	**36 866**
Liabilities		
Contributions or payments received in advance	21	19
Accounts payable to Member States	9 094	14 896
Total liabilities	**9 115**	**14 915**
Reserves and fund balances		
Cumulative surplus	22 358	21 951
Total reserves and fund balances	**22 358**	**21 951**
Total liabilities and reserves and fund balances	**31 473**	**36 866**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $7,924,792, short-term investments of $7,664,523 (market value $7,664,523), long-term investments of $6,540,212 (market value $6,490,489) and accrued interest receivable of $90,087.

The accompanying notes are an integral part of the financial statements.

Statement XXX

United Nations Observer Mission in Liberia (UNOMIL) a/
Statement of income and expenditure and changes in reserves and fund balances
for the period from 22 September 1993 to 30 June 1998 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	22 September 1993 to 30 June 2005	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	141 984	-	-
Interest income	4 670	102	185
Other/miscellaneous income	1 237	-	2
Total income	**147 891**	**102**	**187**
Total expenditure	**97 401**	-	-
Excess (shortfall) of income over expenditure	**50 490**	**102**	**187**
Prior-period adjustments	(174)	(1)	(5)
Net excess (shortfall) of income over expenditure	**50 316**	**101**	**182**
Savings on or cancellation of prior-period obligations	5 302	-	-
Credits returned to Member States	(51 329)	-	(6 465)
Reserves and fund balances, beginning of period	-	4 289	10 572
Reserves and fund balances, end of period	**4 289**	**4 390**	**4 289**

Statement XXX (concluded)

United Nations Observer Mission in Liberia (UNOMIL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	*2004*
Assets		
Cash and term deposits	61	79
Cash pool c/	7 523	7 703
Assessed contributions receivable from Member States b/	72	124
Due from United Nations Mission for the Referendum in Western Sahara	-	3 000
Inter-fund balances receivable	24	4
Total assets	**7 680**	**10 910**
Liabilities		
Contributions or payments received in advance	1	-
Accounts payable to Member States	3 289	6 621
Total liabilities	**3 290**	**6 621**
Reserves and fund balances		
Cumulative surplus	4 390	4 289
Total reserves and fund balances	**4 390**	**4 289**
Total liabilities and reserves and fund balances	**7 680**	**10 910**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $2,683,036, short-term investments of $2,594,921 (market value $2,594,921), long-term investments of $2,214,269 (market value $2,197,436) and accrued interest receivable of $30,500.

The accompanying notes are an integral part of the financial statements.

Statement XXXI

United Nations Peace Forces (UNPF) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 12 January 1992 to 30 June 1997 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	12 January 1992 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	5 082 587	-	-
Voluntary contributions	37 360	-	-
Funding from reserves and fund balances	181 093	-	-
Interest income	61 224	1 076	1 834
Other/miscellaneous income	91 143	-	312
Total income	**5 453 407**	**1 076**	**2 146**
Total expenditure	**4 867 418**	-	-
Excess (shortfall) of income over expenditure	**585 989**	**1 076**	**2 146**
Prior-period adjustments c/	(747)	(80)	(432)
Net excess (shortfall) of income over expenditure	**585 242**	**996**	**1 714**
Savings on or cancellation of prior-period obligations	270 162	5 101	-
Credits returned to Member States	(325 452)	-	(5 964)
Transfer from reserves and fund balances	(181 093)	-	-
Transfer to other funds	(118 003)	-	-
Reserves and fund balances, beginning of period	-	230 856	235 106
Reserves and fund balances, end of period	**230 856**	**236 953**	**230 856**

Statement XXXI (concluded)

United Nations Peace Forces (UNPF)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	
Assets		
Cash and term deposits	101	46
Cash pool d/	69 004	68
Assessed contributions receivable from Member States b/	149 518	0 978
Accounts receivable from Member States e/	127 384	127 857
Inter-fund balances receivable	1 236	73
Other accounts receivable	-	3
Due from United Nations Mission in the Central African Republic	250	250
Due from United Nations Mission in Kosovo	20 000	28 000
Due from United Nations Mission for the Referendum in Western Sahara	9 000	4 000
Total assets	**376 493**	**378 695**
Liabilities		
Contributions or payments received in advance	12	9
Unliquidated obligations - prior periods	-	4 060
Accounts payable to Member States	11 577	15 810
Other accounts payable	571	580
Deferred credits e/	127 380	127 380
Total liabilities	**139 540**	**147 839**
Reserves and fund balances		
Surplus to be transferred f/	29 638	29 638
Cumulative surplus	207 315	201 218
Total reserves and fund balances	**236 953**	**230 856**
Total liabilities and reserves and fund balances	**376 493**	**378 695**

a/ See notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Represents prior-period expenditures of $29,054 for contingent owned equipment and disability claims, $36,519 for travel, write-offs of accounts receivable of $13,182 and bank charges of $1,525.

d/ Represents share of the cash pool and comprises cash and term deposits of $24,610,884, short-term investments of $23,802,632 (market value $23,802,632), long-term investments of $20,310,993 (market value $20,156,577) and accrued interest receivable of $279,771.

e/ In accordance with General Assembly resolution 51/12 A of 4 November 1996, includes expenditures totalling $127,379,954 which are reimbursable by Member States as detailed in the report of the Secretary-General (A/54/803). The equivalent amount is also included in deferred credits.

f/ Under the terms of General Assembly resolution 56/292 of 27 June 2002, $29,638,243 will be returned to Member States once their assessment for strategic deployment stocks is settled.

The accompanying notes are an integral part of the financial statements.

Statement XXXII

Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 15 February 1997 to 31 May 1997 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	15 February 1997 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	4 000	-	-
Interest income	43	-	-
Other/miscellaneous income	83	-	-
Total income	**4 126**	-	-
Total expenditure	**3 946**	-	-
Excess (shortfall) of income over expenditure	**180**	-	-
Prior-period adjustments	(8)	-	-
Net excess (shortfall) of income over expenditure	**172**	-	-
Savings on or cancellation of prior-period obligations	138	-	-
Credits returned to Member States	(292)	-	-
Reserves and fund balances, beginning of period	-	18	18
Reserves and fund balances, end of period	**18**	**18**	**18**

Statement XXXII (concluded)

Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	*2004*
Assets		
Cash and term deposits	34	-
Assessed contributions receivable from Member States b/	147	149
Total assets	**181**	**149**
Liabilities		
Contributions or payments received in advance	1	1
Accounts payable to Member States	1	6
Inter-fund balances payable	161	124
Total liabilities	**163**	**131**
Reserves and fund balances		
Authorized retained surplus c/	18	18
Total reserves and fund balances	**18**	**18**
Total liabilities and reserves and fund balances	**181**	**149**

a/ See notes 2 and 3.
b/ Includes unpaid assessed contributions irrespective of collectability.
c/ See note 8.

The accompanying notes are an integral part of the financial statements.

Statement XXXIII

United Nations Mission in Haiti (UNMIH) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 23 September 1993 to 31 July 1996 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	23 September 1993 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	357 541	-	-
Voluntary contributions	1	-	-
Interest income	33 894	649	809
Other/miscellaneous income	3 022	-	-
Total income	**394 458**	**649**	**809**
Total expenditure	**306 156**	**-**	**-**
Excess (shortfall) of income over expenditure	**88 302**	**649**	**809**
Prior-period adjustments	(1 060)	(16)	24
Net excess (shortfall) of income over expenditure	**87 242**	**633**	**833**
Savings on or cancellation of prior-period obligations	34 801	-	-
Credits returned to Member States	(54 765)	-	(2 339)
Transfer to other funds	(25 815)	-	-
Other adjustments to reserves and fund balances	22	-	-
Reserves and fund balances, beginning of period	-	41 485	42 991
Reserves and fund balances, end of period	**41 485**	**42 118**	**41 485**

Statement XXXIII (concluded)

United Nations Mission in Haiti (UNMIH)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	38	23
Cash pool c/	43 892	44 275
Assessed contributions receivable from Member States b/	221	555
Accounts receivable from Member States	5	5
Due from United Nations Civilian Police Mission in Haiti	9 366	9 366
Due from United Nations Mission in the Central African Republic	3 200	3 200
Inter-fund balances receivable	84	31
Total assets	**56 806**	**57 455**
Liabilities		
Contributions or payments received in advance	9	27
Accounts payable to Member States	14 679	15 943
Total liabilities	**14 688**	**15 970**
Reserves and fund balances		
Surplus to be transferred d/	14 112	14 112
Cumulative surplus	28 006	27 373
Total reserves and fund balances	**42 118**	**41 485**
Total liabilities and reserves and fund balances	**56 806**	**57 455**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $15,654,438, short-term investments of $15,140,325 (market value $15,140,325), long-term investments of $12,919,373 (market value $12,821,152) and accrued interest receivable of $177,956.

d/ Under the terms of General Assembly resolution 56/292 of 27 June 2002, $14,111,772 will be returned to Member States once their assessment for strategic deployment stocks is settled.

The accompanying notes are an integral part of the financial statements.

Statement XXXIV

United Nations Assistance Mission for Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 22 June 1993 to 19 April 1996 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	22 June 1993 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	512 318	-	-
Voluntary contributions	477	-	-
Interest income	20 320	347	347
Other/miscellaneous income	6 979	-	-
Total income	**540 094**	**347**	**347**
Total expenditure	**435 657**	**-**	**-**
Excess (shortfall) of income over expenditure	**104 437**	**347**	**347**
Prior-period adjustments c/	(26 691)	(97)	20
Net excess (shortfall) of income over expenditure	**77 746**	**250**	**367**
Savings on or cancellation of prior-period obligations	20 919	-	-
Credits returned to Member States	(37 111)	-	(12 646)
Transfer to other funds	(38 068)	-	-
Reserves and fund balances, beginning of period	-	23 486	35 765
Reserves and fund balances, end of period	**23 486**	**23 736**	**23 486**

Statement XXXIV (concluded)

United Nations Assistance Mission for Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	*2004*
Assets		
Cash and term deposits	94	89
Cash pool d/	19 961	23 636
Assessed contributions receivable from Member States b/	7 633	10 524
Other accounts receivable	-	92
Inter-fund balances receivable	123	20
Inter-office transactions pending processing	-	4
Total assets	**27 811**	**34 365**
Liabilities		
Contributions or payments received in advance	6	2
Accounts payable to Member States	4 069	10 877
Total liabilities	**4 075**	**10 879**
Reserves and fund balances		
Cumulative surplus	23 736	23 486
Total reserves and fund balances	**23 736**	**23 486**
Total liabilities and reserves and fund balances	**27 811**	**34 365**

a/ In accordance with Security Council resolution 846 (1993) of 22 June 1993, the accounts of UNAMIR and UNOMUR were consolidated with effect from 23 December 1993. See also notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents write-offs of accounts receivable of $92,532, accounting adjustments of $3,218 and bank charges of $1,049.

d/ Represents share of the cash pool and comprises cash and term deposits of $7,119,266, short-term investments of $6,885,449 (market value $6,885,449), long-term investments of $5,875,423 (market value $5,830,754) and accrued interest receivable of $80,930.

The accompanying notes are an integral part of the financial statements.

Statement XXXV

United Nations Observer Mission in El Salvador (ONUSAL) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 7 November 1989 to 31 May 1995 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	7 November 1989 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	238 987	-	-
Voluntary contributions	1 641	-	-
Interest income	4 408	82	116
Other/miscellaneous income	2 607	-	-
Total income	**247 643**	**82**	**116**
Total expenditure	**199 484**	**-**	**-**
Excess (shortfall) of income over expenditure	**48 159**	**82**	**116**
Prior-period adjustments	(1 036)	-	(4)
Net excess (shortfall) of income over expenditure	**47 123**	**82**	**112**
Savings on or cancellation of prior-period obligations	5 176	-	-
Credits returned to Member States	(48 868)	-	(2 967)
Transfer to United Nations Peacekeeping Reserve Fund	(258)	-	-
Reserves and fund balances, beginning of period	-	3 173	6 028
Reserves and fund balances, end of period	**3 173**	**3 255**	**3 173**

Statement XXXV (concluded)

United Nations Observer Mission in El Salvador (ONUSAL)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	50	42
Cash pool c/	4 618	5 568
Assessed contributions receivable from Member States b/	2 102	2 658
Inter-fund balances receivable	49	26
Total assets	6 819	8 294
Liabilities		
Contributions or payments received in advance	8	7
Accounts payable to Member States	3 556	5 114
Total liabilities	3 564	5 121
Reserves and fund balances		
Cumulative surplus	3 255	3 173
Total reserves and fund balances	3 255	3 173
Total liabilities and reserves and fund balances	6 819	8 294

a/ In accordance with General Assembly resolution 47/223 of 16 March 1993, the operations of the United Nations Observer Group in Central America (ONUCA) have been incorporated into ONUSAL. See also notes 2 and 3.

b/ Include unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $1,647,094, short-term investments of $1,592,992 (market value $1,592,992), long-term investments of $1,359,322 (market value $1,348,988) and accrued interest receivable of $18,724.

The accompanying notes are an integral part of the financial statements.

Statement XXXVI

United Nations Operation in Mozambique (ONUMOZ) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 15 October 1992 to 31 March 1995 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	15 October 1992 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	561 098	-	-
Interest income	8 008	4	5
Other/miscellaneous income	4 334	-	1
Total income	**573 440**	**4**	**6**
Total expenditure	**492 556**	-	-
Excess (shortfall) of income over expenditure	**80 884**	**4**	**6**
Prior-period adjustments	(9 565)	(1)	1
Net excess (shortfall) of income over expenditure	**71 319**	**3**	**7**
Savings on or cancellation of prior-period obligations	24 501	-	298
Credits returned to Member States	(78 242)	-	-
Reserves and fund balances, beginning of period	-	17 578	17 273
Reserves and fund balances, end of period	**17 578**	**17 581**	**17 578**

Statement XXXVI (concluded)

United Nations Operation in Mozambique (ONUMOZ)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	*2004*
Assets		
Cash and term deposits	55	32
Cash pool c/	371	107
Assessed contributions receivable from Member States b/	18 328	18 732
Inter-fund balances receivable	122	7
Other accounts receivable	1	9
Total assets	**18 877**	**18 887**
Liabilities		
Contributions or payments received in advance	4	9
Accounts payable to Member States	1 292	1 300
Total liabilities	**1 296**	**1 309**
Reserves and fund balances		
Authorized retained surplus d/	17 208	17 208
Cumulative surplus	373	370
Total reserves and fund balances	**17 581**	**17 578**
Total liabilities and reserves and fund balances	**18 877**	**18 887**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $132,148, short-term investments of $127,810 (market value $127,810), long-term investments of $109,060 (market value $108,230) and accrued interest receivable of $1,502.

d/ See note 8.

The accompanying notes are an integral part of the financial statements.

Statement XXXVII

United Nations Operation in Somalia (UNOSOM) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 May 1992 to 28 February 1995 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	1 May 1992 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	1 738 202	-	-
Funding from reserves and fund balances	19 616	-	-
Interest income	9 495	41	33
Other/miscellaneous income	7 070	-	-
Total income	**1 774 383**	**41**	**33**
Total expenditure	**1 668 175**	-	-
Excess (shortfall) of income over expenditure	**106 208**	**41**	**33**
Prior-period adjustments	(9 066)	(36)	33
Net excess (shortfall) of income over expenditure	**97 142**	**5**	**66**
Savings on or cancellation of prior-period obligations	48 699	90	1 730
Credits returned to Member States	(83 930)	-	-
Transfer from other funds	103	-	-
Transfer from reserves and fund balances	(19 616)	-	-
Reserves and fund balances, beginning of period	-	42 398	40 602
Reserves and fund balances, end of period	**42 398**	**42 493**	**42 398**

Statement XXXVII (concluded)

United Nations Operation in Somalia (UNOSOM)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	45	15 c/
Cash pool d/	2 345	2 582
Assessed contributions receivable from Member States b/	59 437	60 431
Other accounts receivable	-	5
Inter-fund balances receivable	388	29
Inter-office transactions pending processing	-	1
Deferred charges	25	25 c/
Total assets	**62 240**	**63 088**
Liabilities		
Contributions or payments received in advance	1	1
Accounts payable to Member States	19 746	19 787
Other accounts payable	-	902
Total liabilities	**19 747**	**20 690**
Reserves and fund balances		
Authorized retained surplus e/	37 563	37 563
Cumulative surplus	4 930	4 835
Total reserves and fund balances	**42 493**	**42 398**
Total liabilities and reserves and fund balances	**62 240**	**63 088**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Reclassified to conform to current presentation.

d/ Represents share of the cash pool and comprises cash and term deposits of $836,282, short-term investments of $808,817 (market value $808,817), long-term investments of $690,172 (market value $684,924) and accrued interest receivable of $9,507.

e/ See note 8.

The accompanying notes are an integral part of the financial statements.

Statement XXXVIII

United Nations Military Liaison Team in Cambodia (UNMLT) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 15 November 1993 to 15 November 1994 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	15 November 1993 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	910	-	-
Interest income	93	4	2
Other/miscellaneous income	91	-	-
Total income	**1 094**	**4**	**2**
Total expenditure	**587**	-	-
Excess (shortfall) of income over expenditure	**507**	**4**	**2**
Prior-period adjustments	(9)	(1)	-
Net excess (shortfall) of income over expenditure	**498**	**3**	**2**
Savings on or cancellation of prior-period obligations	5	-	-
Credits returned to Member States	(375)	-	-
Reserves and fund balances, beginning of period	-	128	126
Reserves and fund balances, end of period	**128**	**131**	**128**

Statement XXXVIII (concluded)

United Nations Military Liaison Team in Cambodia (UNMLT)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	*2004*
Assets		
Cash and term deposits	22	25
Cash pool c/	205	201
Assessed contributions receivable from Member States b/	13	13
Total assets	**240**	**239**
Liabilities		
Contributions or payments received in advance	1	2
Accounts payable to Member States	108	109
Total liabilities	**109**	**111**
Reserves and fund balances		
Cumulative surplus	131	128
Total reserves and fund balances	**131**	**128**
Total liabilities and reserves and fund balances	**240**	**239**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $73,036, short-term investments of $70,629 (market value $70,629), long-term investments of $60,276 (market value $59,817) and accrued interest receivable of $830.

The accompanying notes are an integral part of the financial statements.

Statement XXXIX

United Nations Transitional Authority in Cambodia (UNTAC) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 November 1991 to 31 March 1994 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	1 November 1991 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	1 599 916	-	-
Voluntary contributions	9 493	-	-
Interest income	7 493	3	6
Other/miscellaneous income	6 341	2	68
Total income	**1 623 243**	**5**	**74**
Total expenditure	**1 640 831**	-	-
Excess (shortfall) of income over expenditure	**(17 588)**	**5**	**74**
Prior-period adjustments	(732)	3	(193)
Net excess (shortfall) of income over expenditure	**(18 320)**	**8**	**(119)**
Savings on or cancellation of prior-period obligations	28 435	-	-
Credits returned to Member States	(8 743)	-	-
Reserves and fund balances, beginning of period	-	1 372	1 491
Reserves and fund balances, end of period	**1 372**	**1 380**	**1 372**

Statement XXXIX (concluded)

United Nations Transitional Authority in Cambodia (UNTAC)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	83	60
Cash pool c/	19	17
Assessed contributions receivable from Member States b/	41 822	42 674
Accounts receivable from Member States	41	195
Inter-fund balances receivable	353	-
Total assets	**42 318**	**42 946**
Liabilities		
Contributions or payments received in advance	9	11
Accounts payable to Member States	40 867	40 873
Other accounts payable	20	2
Inter-fund balances payable	-	492
Deferred credits	42	196
Total liabilities	**40 938**	**41 574**
Reserves and fund balances		
Authorized retained surplus d/	818	818
Cumulative surplus	562	554
Total reserves and fund balances	**1 380**	**1 372**
Total liabilities and reserves and fund balances	**42 318**	**42 946**

a/ The special account of the United Nations Mission in Cambodia (UNAMIC) has been consolidated into the special account for the United Nations Transitional Authority in Cambodia (UNTAC). See also notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $6,751, short-term investments of $6,539 (market value $6,539), long-term investments of $5,572 (market value $5,530) and accrued interest receivable of $77.

d/ See note 8.

The accompanying notes are an integral part of the financial statements.

Statement XL

United Nations Transition Assistance Group (UNTAG) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 April 1988 to 30 June 1991 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	1 April 1988 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	416 162	-	-
Voluntary contributions	23 736	-	-
Interest income	46 671	351	458
Other/miscellaneous income	13 387	-	-
Total income	**499 956**	**351**	**458**
Total expenditure	**374 185**	-	-
Excess (shortfall) of income over expenditure	**125 771**	**351**	**458**
Prior-period adjustments	(581)	(1)	(1)
Net excess (shortfall) of income over expenditure	**125 190**	**350**	**457**
Savings on or cancellation of prior-period obligations	32 016	-	-
Credits returned to Member States	(105 880)	-	(19 492)
Transfer to United Nations Peacekeeping Reserve Fund	(49 243)	-	-
Reserves and fund balances, beginning of period	-	2 083	21 118
Reserves and fund balances, end of period	**2 083**	**2 433**	**2 083**

Statement XL (concluded)

United Nations Transition Assistance Group (UNTAG)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	39	8
Cash pool c/	19 024	28 084
Assessed contributions receivable from Member States b/	24	96
Due from the United Nations Mission for the Referendum in Western Sahara	-	2 000
Inter-fund balances receivable	67	-
Total assets	**19 154**	**30 188**
Liabilities		
Contributions or payments received in advance	1	2
Accounts payable to Member States	16 720	28 103
Total liabilities	**16 721**	**28 105**
Reserves and fund balances		
Cumulative surplus	2 433	2 083
Total reserves and fund balances	**2 433**	**2 083**
Total liabilities and reserves and fund balances	**19 154**	**30 188**

a/ See notes 2 and 3

b/ Includes unpaid assessed contributions irrespective of collectability

c/ Represents share of the cash pool and comprises cash and term deposits of $6,784,958, short-term investments of $6,562,122 (market value $6,562,122), long-term investments of $5,599,524 (market value $5,556,953) and accrued interest receivable of $77,130

The accompanying notes are an integral part of the financial statements

Statement XLI

United Nations Iran-Iraq Military Observer Group (UNIIMOG) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 9 August 1988 to 31 March 1991 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	9 August 1988 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	199 113	-	-
Voluntary contributions	14 715	-	-
Interest income	12 697	72	77
Other/miscellaneous income	12 054	-	-
Total income	**238 579**	**72**	**77**
Total expenditure	**177 895**	**-**	**-**
Excess (shortfall) of income over expenditure	**60 684**	**72**	**77**
Prior-period adjustments	224	(1)	(1)
Net excess (shortfall) of income over expenditure	**60 908**	**71**	**76**
Savings on or cancellation of prior-period obligations	4 997	-	-
Credits returned to Member States	(43 484)	-	-
Transfer to United Nations Peacekeeping Reserve Fund	(18 156)	-	-
Reserves and fund balances, beginning of period	-	4 265	4 189
Reserves and fund balances, end of period	**4 265**	**4 336**	**4 265**

Statement XLI (concluded)

United Nations Iran-Iraq Military Observer Group (UNIIMOG)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Cash and term deposits	57	66
Cash pool c/	4 273	4 201
Assessed contributions receivable from Member States b/	18	18
Total assets	**4 348**	**4 285**
Liabilities		
Contributions or payments received in advance	8	8
Accounts payable to Member States	4	12
Total liabilities	**12**	**20**
Reserves and fund balances		
Cumulative surplus	4 336	4 265
Total reserves and fund balances	**4 336**	**4 265**
Total liabilities and reserves and fund balances	**4 348**	**4 285**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $1,524,002, short-term investments of $1,473,960 (market value $1,473,960), long-term investments of $1,257,736 (market value $1,248,174) and accrued interest receivable of $17,324.

The accompanying notes are an integral part of the financial statements.

Statement XLII

Special Account for the United Nations Emergency Force (UNEF) 1956 a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 5 November 1956 to 30 June 1967 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	5 November 1956 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	166 375	-	-
Voluntary contributions	28 086	-	-
Proceeds from sale of United Nations bonds	19 207	-	-
Appropriated from United Nations Special Account	3 911	-	-
Miscellaneous, and savings in liquidating obligations and adjustments c/	5 089	(406)	(909)
Total income	**222 668**	**(406)**	**(909)**
Total expenditure	**215 540**	**-**	**-**
Net excess (shortfall) of income over expenditure	**7 128**	**(406)**	**(909)**
Reserves and fund balances, beginning of period	-	7 128	8 037
Reserves and fund balances, end of period	**7 128**	**6 722**	**7 128**

Statement XLII (concluded)

Special Account for the United Nations Emergency Force (UNEF) 1956
Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	*2004*
Assets		
Unpaid assessed contributions b/	42 627	42 627
Special account for unpaid assessed contributions pursuant to General Assembly resolution 3049 C (XXVII)	5 275	5 275
Excess of authorized expenditures over assessments and applied contributions	876	876
Inter-fund balances receivable	81	81
Total assets	**48 859**	**48 859**
Liabilities		
Accounts payable to Member States	20 594	20 188
Member States' credits for staff assessment income not required to meet the cost of income tax refunds (non-United States share)	465	465
Special account for voluntary contributions to finance unassessed appropriations - to the credit of contributing Member States	614	614
Assessed on economically developed countries to meet reserve requirements d/	10 415	10 415
Due to United Nations Special Account	1 932	1 932
Due to United Nations bond account	8 117	8 117
Total liabilities	**42 137**	**41 731**
Reserves and fund balances		
Cumulative surplus	6 722	7 128
Total reserves and fund balances	**6 722**	**7 128**
Total liabilities and reserves and fund balances	**48 859**	**48 859**

a/ See notes 2, 3 and 4.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents loss on exchange from the revaluation of accounts payable expressed in local currency.

d/ For 1965, $3,550,000 pursuant to section II of General Assembly resolution 2115 (XX) of 21 December 1965; for 1966, $3,550,000 pursuant to section III of the resolution; for 1967, $3,315,000 pursuant to resolution 2194 B (XXI) of 16 December 1966.

The accompanying notes are an integral part of the financial statements.

Statement XLIII

Ad hoc Account for the United Nations Operation in the Congo (ONUC) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 14 July 1960 to 30 June 1964 as at 30 June 2005
(Thousands of United States dollars)

	Period		
	14 July 1960 to 30 June 2004	*1 July 2004 to 30 June 2005*	*1 July 2003 to 30 June 2004*
Income			
Assessed contributions b/	241 549	-	-
Voluntary contributions	36 193	-	-
Proceeds from the sale of United Nations bonds	110 726	-	-
Investment income	89	-	-
Miscellaneous, and savings in liquidating obligations and adjustments c/	45 489	103	(219)
Total income	**434 046**	**103**	**(219)**
Total expenditure	**397 437**	-	-
Net excess (shortfall) of income over expenditure	**36 609**	**103**	**(219)**
Reserves and fund balances, beginning of period	-	36 609	36 828
Reserves and fund balances, end of period	**36 609**	**36 712**	**36 609**

Statement XLIII (concluded)

Ad hoc Account for the United Nations Operation in the Congo (ONUC)

Statement of assets, liabilities and reserves and fund balances as at 30 June 2005
(Thousands of United States dollars)

	2005	2004
Assets		
Unpaid assessed contributions b/	73 892	73 892
Special account for unpaid assessed contributions pursuant to General Assembly resolution 3049 C (XXVII)	6 687	6 687
Excess of authorized expenditures over assessments and applied voluntary contributions d/	1 973	1 973
Inter-fund balances receivable	914	909
Total assets	**83 466**	**83 461**
Liabilities		
Accounts payable to Member States	7 011	7 109
Member States' credits for staff assessment income not required to meet the cost of income tax refunds (non-United States share)	855	855
Special account for voluntary contributions to finance unassessed appropriations - to the credit of contributing Member States	1 560	1 560
Due to United Nations Special Account	1 397	1 397
Due to United Nations bond account	35 931	35 931
Total liabilities	**46 754**	**46 852**
Reserves and fund balances		
Cumulative surplus	36 712	36 609
Total reserves and fund balances	**36 712**	**36 609**
Total liabilities and reserves and fund balances	**83 466**	**83 461**

a/ See notes 2, 3 and 4.
b/ Includes unpaid assessed contributions irrespective of collectability.
c/ Represents gain on exchange from the revaluation of accounts payable expressed in local currency.
d/ For 1961, $268,455; for the second half of 1963, $1,118,712; for the first half of 1964, $585,899.

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements for peacekeeping operations for the period from 1 July 2004 to 30 June 2005

Note 1
The United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, are as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic and social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories;

(b) The General Assembly focuses on a wide range of political, economic and social issues as well as the financial and administrative aspects of the Organization;

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs and oversee the prosecution of persons responsible for serious violations of international humanitarian law;

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions;

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations and administrative instructions issued by the Under-Secretary-General for Management or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the former Administrative Committee on Coordination, which has since been replaced by the United Nations System Chief Executives Board for Coordination. The Organization follows international accounting standard 1, "Presentation of financial statements", on the disclosure of accounting policies, as modified and adopted by the Chief Executives Board for Coordination as follows:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified;

(b) The Organization's accounts are maintained on a fund accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing, double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature;

(c) The financial period for peacekeeping operations is one year from 1 July to 30 June. The financial period of the Organization for all other funds is a biennium and consists of two consecutive calendar years;

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy set out in paragraph (j) (ii) below applies;

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transactions at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rates of exchange for the last month of the financial period, a footnote will be provided quantifying the difference;

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services;

(g) The cash flow statement is based on the indirect method of determining cash flow, as referred to in the United Nations system accounting standards;

(h) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Task Force on Accounting Standards to the Chief Executives Board for Coordination;

(i) The results of the Organization's operations presented in statements I, II and III are shown at a summary level by general type of activity as well as on a combined basis after the elimination of all inter-fund balances and instances of double-counting of income and expenditure. Their presentation on a combined basis does not imply that the various separate funds can be intermingled in any way, since, normally, resources may not be utilized between funds;

(j) Income:

(i) Amounts necessary to finance the activities of peacekeeping operations are assessed on Member States in accordance with the scale of assessments determined by the General Assembly;

(ii) Income is recognized when an assessment on Member States has been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied;

(iii) Amounts assessed on non-member States that agree to pay reimbursement of costs for their participation in the United Nations treaty bodies, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States or other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements;

(v) Allocations from other funds represent monies appropriated or designated from one fund for transfer to and disbursement from another fund;

(vi) Income for services rendered includes amounts charged for salaries of staff members and other costs that are attributable to the provision of technical and administrative support to other organizations;

(vii) Interest income includes all interest earned on deposits in various bank accounts and investment income earned on the cash pool. All realized losses and net unrealized losses on short-term investments in the cash pool are offset against investment income. Investment income and costs associated with operation of investments in the cash pool are allocated to participating funds;

(viii) Miscellaneous income includes income from rental of premises, sale of used or surplus property, refunds of expenditures charged to prior periods, income from net gains resulting from currency exchange adjustments except for those arising from revaluation of current period obligations as stated in paragraph (k) (i) below, settlements of insurance claims, amounts assessed on new Member States for the year of admission to the United Nations, amounts assessed on non-member States as stated in paragraph (j) (iii) above, monies accepted for which no purpose was specified and other sundry income;

(ix) Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred credits, as referred to in paragraph (m) (iii) below;

(k) Expenditure:

(i) Expenditures are incurred against authorized appropriations or commitment authorities. Total expenditures reported include unliquidated obligations and disbursements. Expenditures also include currency exchange adjustments arising from revaluation of current-period obligations;

(ii) Expenditures incurred for non-expendable property are charged to the budget of the period when the property is acquired and are not capitalized. The inventory of such non-expendable property is maintained at historical cost;

(iii) Expenditures for future financial periods are not charged to the current financial period and are recorded as deferred charges, as referred to in paragraph (l) (v) below;

(l) Assets:

(i) Cash and term deposits represent funds in demand deposit accounts and interest-bearing bank deposits;

(ii) The cash pool comprises participating funds' share of the cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the cash pool. The investments in the cash pool are similar in nature. Short-term investments are stated at cost or market value, whichever is lower; long-term investments are stated at cost. Cost is defined as the nominal value plus or minus any unamortized premium or discount. The share in the cash pool is reported separately in each of the participating fund's statements, and its composition and the market value of its investments are disclosed in the footnotes to the individual statements;

(iii) Assessed contributions represent legal obligations of contributors, and therefore the balances of unpaid assessed contributions due from Member States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in collection of such assessments;

(iv) Inter-fund balances reflect transactions between funds and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with the United Nations General Fund. Inter-fund balances are settled periodically, depending upon the availability of cash resources;

(v) Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(vi) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances are settled;

(vii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in notes to the financial statements;

(m) Liabilities and reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for reserves and fund balances shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred credits include income received for future periods and income received but not yet earned;

(iv) Commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current-period obligations related to peacekeeping operations remain valid for 12 months following the end of the financial period to which they relate. As per financial regulation 5.5, unliquidated obligations of peacekeeping operations owed to Governments may be retained for an additional period of four years beyond the 12-month period provided for in financial regulation 5.3;

(v) Contingent liabilities, if any, are disclosed in notes to the financial statements;

(vi) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligation of the Organization to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. As at the date of the current financial statement, the General Assembly has not invoked this provision.

Note 3
Accounting policies for peacekeeping operations

The accounts for the peacekeeping operations have been maintained in accordance with the provisions of the Financial Regulations and Rules of the United Nations, with due regard for the following:

(a) Financial regulation 1.2, which states that the financial period of peacekeeping operations with special accounts shall be one year, from 1 July to 30 June;

(b) Financial regulation 6.5, which states that the annual accounts for peacekeeping operations with special accounts shall be submitted by the Secretary-General to the Board of Auditors no later than 30 September each year;

(c) Financial regulation 5.5, which states that obligations to Governments for troops, formed police units, logistical support and other goods supplied and services rendered to peacekeeping operations shall be retained beyond the 12-month period provided for in financial regulation 5.3 if the requisite claims are not received or processed during the financial period to which they pertain. Those obligations shall remain valid for an additional period of four years following the end of the 12-month period provided in financial regulation 5.3. At the end of the additional four-year period any unliquidated obligations shall be cancelled and the remaining balance of any appropriations retained shall be surrendered;

(d) Voluntary contributions:

(i) General provisions:

a. Voluntary contributions in cash shall be considered income to be credited to the special account of the peacekeeping operation;

b. Voluntary contributions in kind in the form of supplies and services shall be recorded as income under the heading "voluntary contributions" at the time of delivery of supplies or commencement of services, provided budgetary provision for such supplies or services was made. In case there was no budgetary provision, no accounting entry shall be made, but the amount of the contribution shall be reflected in a footnote to the financial statements. Cost of facilities provided under an agreement with a Member State in whose country a peacekeeping operation is located is excluded from the determination of voluntary contributions;

(ii) United Nations Peacekeeping Force in Cyprus accounts:

a. Prior to 16 June 1993, the Secretary-General was not authorized to utilize any funds other than the voluntary contributions pledged by Member States for the financing of the United Nations Peacekeeping Force in Cyprus (UNFICYP). The recording of obligations for the period prior to 16 June 1993 was limited to amounts that were within the total of pledged contributions. As a consequence, the full amount of UNFICYP obligations that are payable for the period prior to 16 June 1993 has not been recorded, in particular with respect to reimbursements for extra costs in connection with pay and allowances of contingents and for extra costs in connection with contingent-owned equipment. Such unrecorded obligations for the period prior to 16 June

1993 totalled $194,762,047 and are reflected in footnote e/ to the UNFICYP financial statements (statement IV);

b. The General Assembly decided, by its resolution 47/236 of 14 September 1993 that beginning on 16 June 1993 the costs of UNFICYP should be treated as expenses of the Organization to be borne by Member States in accordance with Article 17, paragraph 2, of the Charter of the United Nations. From 16 June 1993 onwards, appropriations and assessments have been raised on the Member States in accordance with relevant General Assembly resolutions;

(e) Peacekeeping Reserve Fund:

By its resolution 47/217 of 23 December 1992, the General Assembly established the United Nations Peacekeeping Reserve Fund as a cash-flow mechanism to ensure the rapid response of the Organization to the needs of peacekeeping operations. The level of the Peacekeeping Reserve Fund was established at $150 million. In accordance with the above-cited resolution, $49,242,762 was allocated from unencumbered balances in the special account of the United Nations Transition Assistance Group, $18,156,200 from unencumbered balances in the special account of the United Nations Iran-Iraq Military Observer Group and $82,601,038 from authorized retained savings in the United Nations General Fund.

Note 4
Explanatory notes on assessed contributions receivable

Assessed contributions receivable have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. With reference to the amounts shown as unpaid, certain Member States have indicated that they do not intend to pay some of their assessed contributions or that such contributions will be paid only under certain conditions. Based on United Nations policy as stated in note 2 (l) (iii) above, no provision has been made for delays in the collection of outstanding assessed contributions. With regard to the foregoing, a number of Member States have requested that attention be drawn to their positions (as stated by their delegations at successive sessions of the General Assembly), in particular with respect to the following:

(a) To the extent that the amounts relate to expenditures under the Special Account for the United Nations Emergency Force (UNEF) 1956 and under the Ad hoc Account for the United Nations Operation in the Congo (ONUC), which, in the view of some Member States, were illegal, they do not consider themselves bound, under the provisions of Article 17 of the Charter of the United Nations, to participate in paying for those expenditures. As a result, withholdings by certain Member States from payments for the financing of UNEF 1956 (statement XLII) and ONUC (statement XLIII) are estimated to be $38.6 million and $70.2 million, respectively. The estimate, which is based on the apportioned shares of the Member States concerned, excludes $5.3 million and $6.7 million in unpaid assessed contributions to UNEF 1956 and ONUC, respectively, by China for the period up to 24 October 1971. Following the adoption by the General Assembly of its resolution 2758 (XXVI), entitled "Restoration of the lawful rights of the People's Republic of China in the United Nations", on 25 October 1971, that amount was transferred to a special account pursuant to General Assembly resolution 3049 C (XXVII) of 19 December 1972;

(b) Certain Member States have stated that they do not intend to participate in the financing of UNEF 1973 and the United Nations Disengagement Observer Force (UNDOF). Other Member States have stated that they have excluded from their contributions to UNEF 1973 their shares of the expenses that they attribute to the additional functions resulting from the agreement of 4 September 1975 between Egypt and Israel. As a result, withholdings by certain Member States from payments from the financing of UNEF 1973 and UNDOF are estimated to be $0.1 million, which covers UNEF 1973 until its liquidation in 1979 and UNDOF to 30 June 2005. That amount excludes $36 million in unpaid assessed contributions by China for the period from 25 October 1971 to 31 December 1981, which was transferred to a special account pursuant to General Assembly resolution 36/116 A of 10 December 1981;

(c) Certain Member States have stated that they do not intend to participate in the financing of the United Nations Interim Force in Lebanon (UNIFIL). As a result, withholdings by certain Member States from payments for the financing of UNIFIL are estimated to be $4 million. That estimate, which is based on the apportioned shares of the Member States concerned from the inception of UNIFIL on 19 March 1978 to 30 June 2005, excludes $19.6 million in unpaid assessed contributions by China for the period from 25 October 1971 to 31 December 1981, which was transferred to a special account pursuant to General Assembly resolution 36/116 A;

(d) *Status of unpaid assessed contributions as at 30 June 2005*. Detailed information for each of the separate peacekeeping operations on assessments and collections as at 30 June 2005 and on all outstanding balances due from each Member State is shown in the status of contributions report (ST/ADM/SER.B/650). The status of contributions report for 30 June 2005 was printed too early in July to reflect any assessments or the application of credits returned to Member States that were approved by the General Assembly in late June. However, the financial statements include such late-June transactions, and the new amounts due become part of the outstanding contributions from Member States shown as at 30 June 2005. As a result, in such cases the amounts shown as contributions outstanding from Member States as at 30 June 2005 in the status of contributions report may be lower or higher than the corresponding amounts included in financial statements as at 30 June 2005.

Note 5

Peacekeeping special account fund summaries: income and expenditure and changes in reserves and fund balances (statement I); assets, liabilities and reserves and fund balances (statement II); and cash flow (statement III)

(a) Statements I, II and III contain financial results for all United Nations peacekeeping funds, which are broken down into three groups of related funds and consolidated into a grand total reflecting all individual peacekeeping accounts of the Organization. This consolidated presentation should not be interpreted to mean that any of the individual funds can be used for any other purpose than that for which it is authorized. The financial results of all peacekeeping operations are summarized in statements I, II and III. These are categorized as all active peacekeeping missions (statements IV-XVIII), the Peacekeeping Reserve Fund (statement XIX), the support account for peacekeeping operations (statement XX), the United Nations Logistics Base at Brindisi, Italy (statement XXI) and completed peacekeeping missions (statements XXII-XLIII);

(b) To comply with the uniform financial statement formats, statement I includes two calculations of the excess (shortfall) of income relative to expenditure. The first calculation is based on income and expenditure only for the current period. The second calculation shown is a net one, which includes any prior period adjustments to income or expenditure.

Note 6
United Nations Emergency Force 1973 and United Nations Disengagement Observer Force (statement V)

The General Assembly, on a number of occasions, has authorized the temporary suspension of financial regulations 3.2 (b), 3.2 (d), 5.3 and 5.4 in order to allow UNEF and UNDOF to retain certain amounts of surplus that otherwise would have been returned to Member States. Under the terms of General Assembly resolution 50/83 of 15 December 1995, the authorized retained surplus of $64,931,001 was reduced proportionately by a total of $15,321,728 to offset in part the waiver of South Africa's unpaid contributions to various peacekeeping operations for the period from 30 September 1974 to 23 June 1994. Under the terms of resolution 53/226 of 8 June 1999, followed by resolutions 54/266 of 15 June 2000 and 55/264 of 14 June 2001, the authorized retained surplus was further reduced by a total of $13,622,162, leaving a balance of $35,987,111 as at 30 June 2005. This equals the amount held in the special account for unpaid assessed contributions pursuant to resolution 36/116 A of 10 December 1981 (see note 4 (b)).

Note 7
United Nations Interim Force in Lebanon (statement VI)

The General Assembly, on a number of occasions, has authorized the temporary suspension of financial regulations 3.2 (b), 3.2 (d), 5.3 and 5.4 in order to allow UNIFIL to retain certain amounts of surplus that otherwise would have been returned to Member States. Under the terms of General Assembly resolution 50/83, those authorized retained surpluses of $108,461,935 were reduced proportionately by a total of $25,583,986 to offset in part the waiver of South Africa's unpaid contributions to various peacekeeping operations for the period from 30 September 1974 to 23 June 1994. Subsequently, under the terms of resolution 58/307 of 18 June 2004, the authorized retained surplus was further reduced by $63,312,709 representing the net accumulated surplus in the account of the Force from 1978 to 1993, leaving a balance of $19,565,240 as at 30 June 2005. This equals the amount held in the special account for unpaid assessed contributions pursuant to resolution 36/116 A (see note 4 (c)).

Note 8
Authorized retained surplus

The General Assembly decided, in its resolution 57/323 of 18 June 2003, to suspend financial regulation 5.5 for certain missions in the light of the cash shortages in those missions. Those missions are the Military Observer Group of the United Nations Verification Mission in Guatemala (statement XXXII); the United Nations Operation in Mozambique (statement XXXVI); the United Nations Operation in Somalia (statement XXXVII); the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti (statement XXXIII); the United Nations Transitional Authority in Cambodia (statement XXXIX); and the United Nations Mission in the Central African Republic (statement XXVI). By its resolution 59/302 of 22 June 2005, the General Assembly postponed the return of the net cash balance available as at 30 June 2004 for the United Nations Mission in Bosnia and Herzegovina (statement XXIII).

Note 9
Surplus to be transferred for strategic deployment stocks

Under the terms of General Assembly resolution 56/292 of 27 June 2002, amounts of $95,978,945 and $45,567,055 were authorized to be transferred from reserves and fund balances of the United Nations Peace Forces (UNPF) (statement XXXI) and UNMIH (statement XXXIII), respectively, for strategic deployment stocks, to be held in the account of the United Nations Logistics Base at Brindisi, Italy (UNLB) (statement XXI). Member States had the option either to transfer their share in the surpluses directly to UNLB or to have their shares returned to them upon settling a separate assessment for strategic deployment stocks. Some Member States opted to transfer their share in the surpluses directly to UNLB and, accordingly, surpluses of $54,690,848 and $25,815,321 have been transferred directly from UNPF and UNMIH, respectively. Some Member States opted to settle a separate assessment for strategic deployment stocks, and, accordingly, amounts of $11,649,854 and $5,639,962 from the surpluses of UNPF and UNMIH, respectively, have been returned to those Member States. The remaining surpluses of $29,638,243 and $14,111,772 in UNPF and UNMIH, respectively, shall be returned to Member States upon their settlement of the separate assessment for strategic deployment stocks. Currently $13,581,780 remains outstanding from Member States.

Note 10
Strategic deployment stocks

The General Assembly, in its resolution 56/292, authorized the purchase of strategic deployment stocks. In his report (A/56/870) the Secretary-General stated that once items have been deployed or rotated, the Secretariat will replenish them by charging the replacement costs to the budget of the mission that receives the stocks. In order to account for replenishment of strategic deployment stocks, a separate revolving fund has been established, where all such transactions are recorded. The cumulative surplus at the end of the financial period, which incorporates such items as prior-period savings and timing differences between recording of income upon transfer and actual replenishment of strategy deployment stocks, is carried over, to be available in the next financial period.

Note 11
Ageing of assessed contributions receivable

Assessed contributions receivable from Member States have been outstanding for the periods indicated in table V.1 below. On the basis of United Nations policy, no provision is made for delays in collection.

Table V.1
Outstanding contributions receivable
(Thousands of United States dollars)

Time outstanding	*Amount*
Less than six months	692 308
Six months to one year	259 474
One to two years	98 721
Over two years	606 483
Total	**1 656 986**

Note 12
Non-expendable equipment

(a) Table V.2 below shows the value of non-expendable equipment, at historical cost, at peacekeeping missions, according to the cumulative inventory records of the United Nations as at 30 June 2005. In accordance with United Nations accounting policies, non-expendable equipment is not included in the fixed assets of the Organization, but is charged against the current appropriations when acquired.

Table V.2
Value of non-expendable equipment
(Thousands of United States dollars)

Peacekeeping mission	*2005*	*2004*
UNFICYP	16 081	15 531
UNDOF	40 090	37 452
UNIFIL	74 055	79 672
MINURSO	28 115	25 302
UNOMIG	21 235	20 057
UNAMSIL	65 485	71 890
UNMIK	127 508	133 458
MONUC	173 089	156 818
UNMISET	27 150	47 671
UNMEE	52 206	49 916
UNMIL	116 077	64 907
UNOCI	57 945	23 008
MINUSTAH	42 503	8 044

Peacekeeping mission	*2005*	*2004*
ONUB	40 525	-
UNMIS	48 073	-
UNLB	50 440	30 633
UNLB — strategic deployment stocks	60 823	57 440
Total	**1 041 400**	**821 799**

(b) The movement in non-expendable equipment is summarized in table V.3 below:

Table V.3

Movement in non-expendable equipment

(Thousands of United States dollars)

	Amount
Balance as at 1 July 2004	821 799
Acquisitions	329 390
Less: write-offs — accidents, thefts and damages	(4 538)
Less: dispositions and other adjustments	(105 251)
Balance as at 30 June 2005	**1 041 400**

Note 13

Liabilities for end-of-service and post-retirement benefits

(a) The United Nations has not specifically recognized in any of its financial accounts liabilities for after-service health insurance costs or liabilities for other types of end-of-service payments that will be owed when staff members leave the Organization. Such payments are budgeted for in the regular budget and in peacekeeping operations, and the actual costs incurred in each financial period are reported as current expenditures;

(b) Staff members who separate from the Organization are entitled to be paid for any unused vacation days that they may have accrued up to a maximum of 60 days. The Organization's liability for such unpaid accrued vacation compensation in respect of peacekeeping operations is estimated to be between $45 million and $50 million at 30 June 2005;

(c) Some staff members are entitled to repatriation grants and payment of expenditures related to relocation upon their termination from the Organization, based on the number of years of service. The Organization's liability for such unpaid repatriation grant and relocation entitlement in respect of peacekeeping operations is estimated to be between $20 million and $25 million at 30 June 2005.

Annex I

Peacekeeping operations funded by the regular budget: status of appropriations by major object of expenditure for the 18-month period of the biennium 2004-2005 ended 30 June 2005

(Thousands of United States dollars)

Programme	*Appropriation*	*Salaries and related costs*	*Travel*	*Contractual services*	*Operating expenses and supplies*	*Acquisitions*	*Total expenditure*	*Unencumbered balance*
Executive direction and management	1 678	1 109	57	-	4	-	1 170	508
Programme of work	14 234	9 843	83	3	-	-	9 929	4 305
Programme support	1 372	393	-	18	486	22	919	453
UNTSO	58 814	32 178	2 256	217	5 719	2 317	42 687	16 127
UNMOGIP	16 762	6 406	1 126	72	1 983	1 700	11 287	5 475
Total	**92 860**	**49 929**	**3 522**	**310**	**8 192**	**4 039**	**65 992**	**26 868**

Annex II

Activities related to peacekeeping operations funded by trust funds: schedule of income, expenditure, reserves and fund balances for the fiscal year ended 30 June 2005

(Thousands of United States dollars)

Trust fund	*Reserves and fund balances beginning of period*	*Income*	*Expenditures, transfers and adjustments*	*Reserves and fund balances end of period*
Trust Fund for Iraq-Kuwait Border Issues	1 105	25	–	1 130
Trust Fund for the Restoration of Essential Public Services in Sarajevo	2 174	17	2 174	17
United Nations Trust Fund for Electoral Observation	2 167	900	1 297	1 770
Trust Fund in Support of the Delimitation and Demarcation of the Ethiopia-Eritrea Border	5 825	400	610	5 615
Trust Fund to Support the Multinational Force Deployed in East Timor	24	–	24	–
Trust Fund for the United Nations Transitional Administration in East Timor	10 160	–	10 160	–
Trust Fund to Support the Peace Process in Ethiopia and Eritrea	329	488	165	652
Voluntary Fund for the Cambodian Peace Process	4 643	102	158	4 587
Trust Fund for the Activities of the International Support and Verification Commission	188	2	190	–
Cambodia Trust Fund	2 325	49	144	2 230
Trust Fund for Somalia — Unified Command	303	7	–	310
Trust Fund in Support of the Implementation of the Agreement on a Ceasefire and Separation of Forces signed in Moscow on 14 May 1994	450	594	284	760
Trust Fund for the Police Assistance Programme in Bosnia and Herzegovina	771	14	148	637
Trust Fund to Support United Nations Peacekeeping-related Efforts in Sierra Leone	362	9	–	371
Trust Fund for the Support of the Activities of MINURCA	7	–	7	–
Trust Fund to Support Public Information and Related Efforts in United Nations Peacekeeping Operations	19	–	–	19
Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities	39 822	1 092	7 440	33 474
Trust Fund for Activities Related to Administrative and Budgetary Aspects of Peacekeeping Operations	[illegible]	–	–	[illegible]
Trust Fund for Support from Government and Organizations to the Department of Peacekeeping Operations' Lessons-learned Mechanism	590	2 696	1 081	2 205

Trust fund	*Reserves and fund balances beginning of period*	*Income*	*Expenditures, transfers and adjustments*	*Reserves and fund balances end of period*
Trust Fund for the Financing of a United Nations International Conference on Medical Support for Peacekeeping Operations	10	-	10	-
Trust Fund to Support the Activities of the United Nations Disengagement Observer Force	273	36	170	139
Trust Fund for Assistance to Military Officers on Loan from Governments in Support of Peacekeeping	42	-	42	-
Trust Fund for Improving Preparedness for Conflict Prevention and Peacekeeping in Africa	195	2	197	-
Trust Fund for the Rapidly Deployable Mission Headquarters	713	18	(34)	765
Trust Fund to Support the Peace Process in the Democratic Republic of the Congo	700	101	97	704
Trust Fund to Support the United Nations Interim Administration in Kosovo	356	2 450	1 489	1 317
Total	**73 545**	**9 002**	**25 853**	**56 694**